2016 Annual Report

Showing the Way

MCHCP

my health. my choice. myMCHCP

Missouri Consolidated Health Care Plan

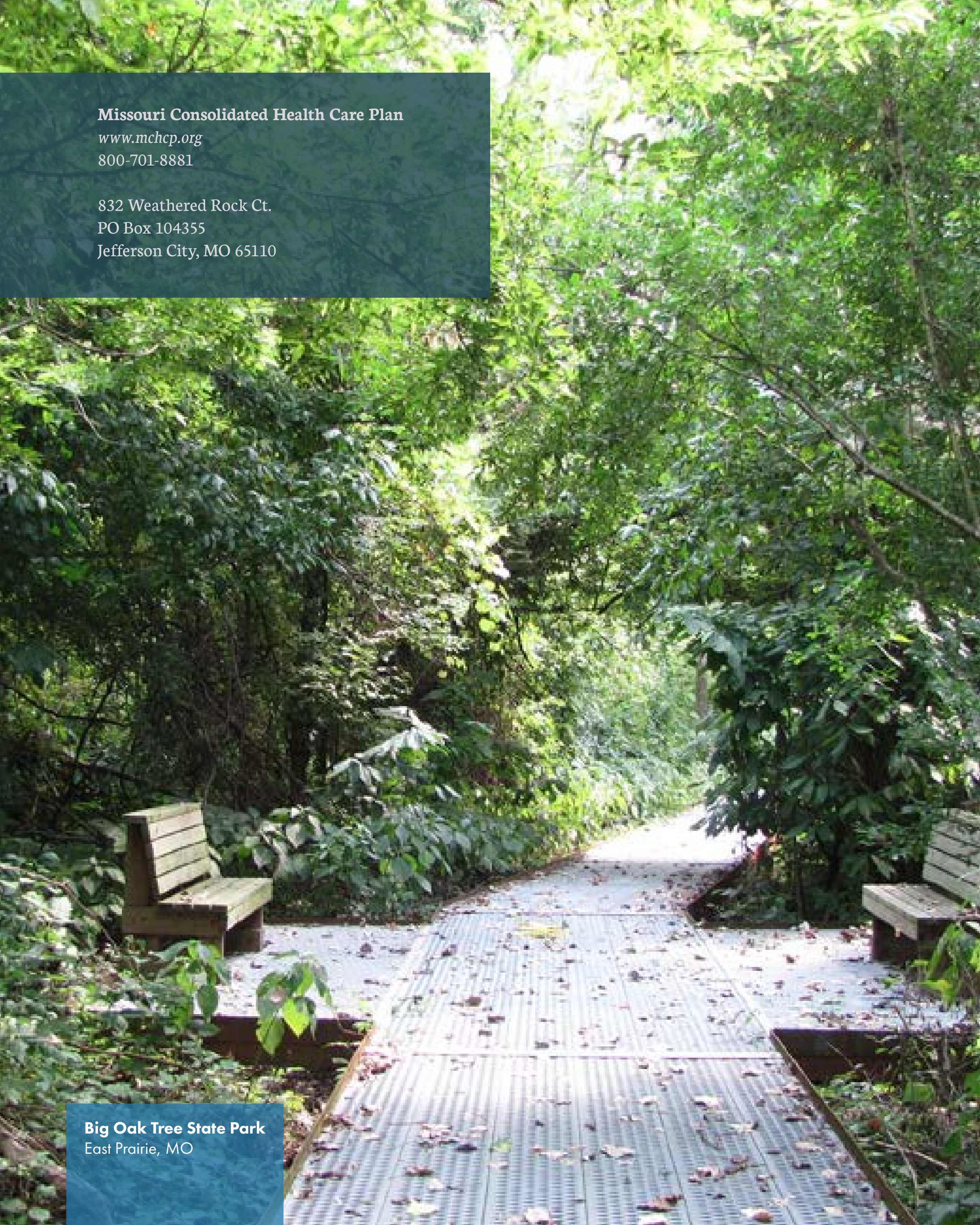
A Component Unit of the State of Missouri

2016 Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

Missouri Consolidated Health Care Plan
www.mchcp.org
800-701-8881

832 Weathered Rock Ct.
PO Box 104355
Jefferson City, MO 65110



Big Oak Tree State Park
East Prairie, MO

2016 Annual Report

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Missouri Consolidated Health Care Plan
A Component Unit of the State of Missouri
2016 Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016

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Introduction

Letter from the Executive Director

It is with great pleasure that I submit the annual report of the Missouri Consolidated Health Care Plan (MCHCP) for the period ended June 30, 2016. MCHCP is a component unit of the state of Missouri for financial reporting purposes and as such, the financial reports are also included in the state of Missouri Comprehensive Annual Financial Report. The financial information presented in this report is the responsibility of management of MCHCP and sufficient internal accounting controls exist to provide a reasonable assurance regarding safekeeping of assets and fair presentation of the financial statements, supporting schedules and statistical tables. Systems and procedures are evaluated, in conjunction with the Board of Trustees, MCHCP management and Internal Audit to provide assurances that internal controls exist and are functioning to promote objectives while minimizing risk. Reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived; the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of material misstatements. The report is also designed to comply with the provisions of section 103.025 of the Revised Statutes of Missouri (RSMo) as amended.

Albert Einstein, often considered the most influential physicist of the 20th century once said, "Look deep into nature, and then you will understand everything better." These thoughtful words embody the theme and imagery of our fiscal year 2016 report, *"Showing the Way."* Throughout the report, you will see the beauty of our Missouri State Parks, with their trails and pathways enhancing healthy opportunities to enjoy our state. We believe our efforts are similar as we show and guide members with education, technology, wellness incentives and a knowledgeable and experienced team in, *"showing the way"* in understanding and utilizing health care benefits.

During the fiscal year ended June 30, 2016, the state of Missouri contributed more than $391 million, or approximately 68 percent of revenues, to the Plan in the form of employer sponsored contributions. Member contributions for our state members exceeded $135 million, while revenues for public enrollment approached $8 million. Medical and pharmacy claims and operations expenditures for our state and public employees exceeded $597 million for the period. With increasing trends in medical costs and utilization and new and advancing pharmaceutical drugs available; the financial support of the state, the MCHCP trust fund and, our members, is crucial to the financial strength of the Plan. Additional financial information can be found in the management discussion and analysis beginning on page 26, financial statements, and notes to the financial statements included in this report.

Improving technology and outreach remains vital as we communicate with the more than 96,000 lives we serve. During fiscal year 2016, MCHCP implemented a responsive website design to accommodate members who access their information through mobile devices. Business processes were leveraged through an improved document imaging system allowing for better access to member records. Infrastructure improvements related to business continuity were also a focus during the year.

The *Strive for Wellness®* Health Center, located in the Harry S Truman Building workplace, continues to serve and offer our active membership an alternative option to traditional offerings. During fiscal year 2016, the Center was visited by 2,780 plan members and reported overall satisfaction in excess of 97 percent. We continue to explore additional offerings and opportunities to serve our members to facilitate the appropriate utilization of health care. In addition, our *Strive for Wellness®* team of expert clinicians and health educators have led on-site weight management courses and quit tobacco courses experiencing an average quit rate of 31 percent for the courses offered. As the renowned poet and author, Maya Angelou, once said, "All great achievements require time." We understand change doesn't happen overnight, but we applaud our members' efforts and continue to pursue additional ways to encourage their healthy endeavors.

Participation and engagement of our population in their health remains vitally important as we look for methodologies in the trends influencing health and health care costs. During the open enrollment period encompassing fiscal year 2016, more than 17,000 members utilized our online myPlan Advisor, managed through our health partner Truven Health Analytics, in selecting their health plan for 2016. The online application utilizes the members' recent and historical medical outlay coupled with the ability to anticipate individual and family utilization to arrive at their recommended plan selection. We are encouraged by members' interest in advancing technology that increase their health literacy and facilitate informed MCHCP health consumers.

For the 21st year in a row, MCHCP was pleased to receive the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to qualify, a government unit must publish a report conforming

to all GFOA standards. The Certificate of Achievement is valid for a period of one year only. MCHCP will continue to strive for such recognition with its submission of our current report for consideration to GFOA. Additionally, MCHCP received three 2016 American InHouse Design Awards for "Best Corporate ID" for the *Strive for Wellness®* Weight Management Course materials, "Best Poster" for our 2015 Missouri State Employee 5K poster, and "Best Direct Mail," for the myVoice Panel postcard.

This report is a product of the combined efforts of the MCHCP staff and the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, for determining compliance with legal provisions and for evaluating the condition of the fund. MCHCP has received an unqualified opinion from our independent auditors whose report can be found on pages 24 and 25.

This report is provided to the Governor, the State Auditor, members of the General Assembly, all state agencies, and all participating public entities and is viewable at *www.mchcp.org*. The cooperation and support of these individuals and agencies help contribute to our success. Also, for the Board of Trustees, I extend my gratitude to the staff who are passionately *"showing the way"* every day to provide the quality service you have come to expect from MCHCP.

I welcome your suggestions for the continued success and improvements of your health plan, MCHCP.

Yours in health,

Judith Muck
Executive Director
December 2, 2016

Van Meter State Park
Miami, MO

Certificate of Achievement

Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Missouri Consolidated
Health Care Plan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

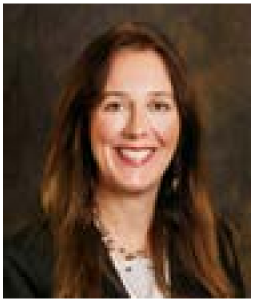
Executive Director/CEO

MCHCP Organization

Benefit Administration

Vendor Relations

Judith Muck
Executive Director



Fiscal

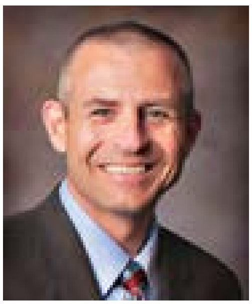
Research

Stacia G. Fischer
Chief Financial Officer

Population Health

Clinical Services

Julie K. Watson
Chief Population Health Officer



Information Technology

Receiving Services

Bruce R. Lowe
Chief Information Officer

Plan Integrity

Human Resources

Jennifer Stilabower
General Counsel

Letter from the Chairperson

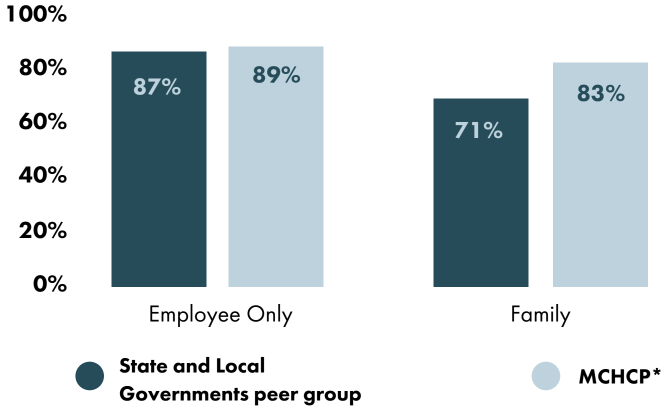
It is my distinct pleasure to present to you, on behalf of the Board of Trustees, the Comprehensive Annual Financial Report for the Missouri Consolidated Health Care Plan (MCHCP) for the period ended June 30, 2016.

Answering the call for leadership amongst the ever-changing landscape of health care is the staple of our fiscal year 2016 report theme, *"Showing the Way."* Similar to the trails and pathways throughout our Missouri State Parks that guide and lead many of our members on their healthy adventures, MCHCP's support, through dedicated customer service and education to enhance our members' experience while showing our customer base the comprehensive benefits available to our membership, reflects our strong commitment to charting the path for you, our members. Operationally, MCHCP technologies focusing on administrative and financial efficiencies have allowed us to reach you in just the path that best suits you whether it be through the website at *www.mchcp.org* that experienced more than 285,000 visits during the year or contacting the dedicated service specialists who answered more than 25,000 of your calls and inquiries. We understand that a membership can be best served when knowledgeable regarding benefits and outfitted with the necessary tools to promote and effect healthy behaviors.

Missouri, as many states throughout the nation, faces many economic opportunities and challenges. For the fiscal year ended, June 30, 2016, the state's net general revenue collections increased 0.9 percent compared to 2015, from $8.71 billion last year to $8.79 billion this year. As the state and the assets of the Plan remains the largest single source of contributions to the Plan as witnessed in the chart on the following page, we remain steadfast in our commitment as stewards of taxpayer dollars and Plan assets to offer comprehensive and affordable coverage that leverages our economies and engages our population in healthy outcomes.

Partnering with our membership through cooperative engagement remains essential to the overall financial health of the Plan and the well-being of those we serve. During fiscal year 2016, on average, more than 57 percent of eligible members participated in the Partnership Incentive, while more than 75 percent of those eligible for Tobacco-Free Incentives attested. Statistically, MCHCP's healthiest 23.3 percent of members account for 0.8 percent of the cost, while the least healthy 6.8 percent of our members account for a staggering 40 percent of the cost. As lifestyle-related conditions account for nearly 20 percent of total paid claims, wellness initiatives remain influential in establishing and modeling for a healthier MCHCP population.

Share of Premium



**Contributions from the state and MCHCP trust fund.*

Reference: Bureau of Labor Statistics news release, July 22,2016.

Expenditures for our self-funded medical and pharmacy, and fully-insured dental and vision benefits during fiscal year 2016 for state employees were approximately $562 million; an increase of approximately 10 percent over fiscal year 2015 totals. The Plan is experiencing overall increases in utilization and medical unit costs and in pharmacy expenditures.

Plan resources at fiscal year end June 30, 2016, of more than $391 million were contributed by the state, while members' contributed more than $135 million in state employee premiums, and non-operating revenue, primarily return on investment, totaled more than $3.4 million.

We are appreciative of the more than 96,000 state and public members we serve. We look forward to continually, *"Showing the Way,"* through the opportunities and challenges ahead as we remain focused on our mission of delivering comprehensive and affordable health coverage to our members. We are deeply thankful for the dedicated MCHCP staff, vendors and advisors who have contributed and worked tirelessly with us throughout the year.

Sincerely,

Doug Nelson
Chairperson
Board of Trustees
December 2, 2016

Katy Trail
Rhineland, MO

Professional Services

AUDIT SERVICES
Brown Smith Wallace, LLP
Willis Towers Watson
Truven Health Analytics

BANKING
Central Bank

CONSULTING
Willis Towers Watson

DECISION SUPPORT SYSTEM
Truven Health Analytics

EMPLOYEE ASSISTANCE PROGRAM
ComPsych

HEALTH SAVINGS ACCOUNT (HSA)
Central Bank

MEDICAL THIRD PARTY ADMINISTRATOR
UMR
Aetna

PHARMACY BENEFIT MANAGER
Express Scripts, Inc.

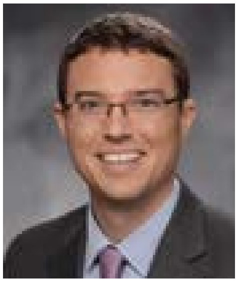
VISION PROGRAM
National Vision Administrators

WELLNESS PROGRAM
Optum, Inc.

DENTAL PROGRAM
Delta Dental of Missouri

DISEASE MANAGEMENT PROGRAM
Optum, Inc.

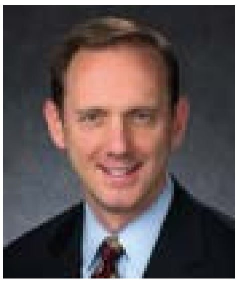
Board of Trustees



Honorable Kip Kendrick
Missouri House of Representatives
District 045
Appointed by the Speaker of the House of Representatives

Linda Luebbering
Jefferson City
Governor-Appointed Member

Peter Lyskowski
Director
Department of Health and Senior Services
Jefferson City
Ex Officio Member



Honorable Scott Sifton
Missouri Senate
District 001
Appointed by the President Pro Tem of the Senate

Michael Warrick
Jefferson City
Governor-Appointed Member

Two Governor-Appointed Members were open as of June 30, 2016.

Summary of Plan Provisions

VISION

To be recognized and valued by our members as their advocate in providing affordable, accessible, quality health care options.

PURPOSE

Established Jan. 1, 1994, the Missouri Consolidated Health Care Plan (MCHCP) or the Plan was created to provide health care benefits to most state employees, retirees and their dependents, and public entities within the state that join the Plan.

MISSION

To provide access to quality and affordable health insurance to state and local government employees. We will accomplish this by:

- Consolidating purchasing power and administration to achieve benefits not available to individual employer members
- Creating collaborations to ensure the needs of individual members are understood and met
- Ensuring fiscal responsibility
- Developing innovative delivery options and incentives
- Identifying and contracting with high-value plans
- Maintaining a high-quality and knowledgeable work force

ADMINISTRATION

MCHCP administers medical, dental and vision benefits and an employee assistance program (EAP) for most members of the Missouri State Employees' Retirement System, Judicial Retirement Plan, some members of the Public School Retirement System, legislators, statewide elected officials and eligible public entity members. In addition, dental and vision benefits are available to employees and retirees of the Departments of Conservation and Transportation, and the Missouri State Highway Patrol. EAP benefits are available to active employees eligible for MCHCP medical coverage and members of their household.

Missouri statutes provide that the administration of MCHCP be vested in a 13-member Board of Trustees. The Board is composed of:

- The Director of the Department of Health and Senior Services, serving ex officio
- The Director of the Department of Insurance, Financial Institutions and Professional Registration, serving ex officio
- The Commissioner of the state Office of Administration, serving ex officio
- Two members of the Senate, appointed by the President Pro Tem of the Senate
- Two members of the House of Representatives, appointed by the Speaker of the House of Representatives
- Six members appointed by the Governor with the advice and consent of the Senate. Of the six members appointed by the Governor, three shall be citizens of the state of Missouri who are not members of the Plan but who are familiar with medical issues. The remaining three members of the Board shall be members of the Plan.

The management of MCHCP is the responsibility of the Executive Director, who is appointed by the Board of Trustees and serves at its pleasure.

The Executive Director acts as advisor to the Board on all matters pertaining to MCHCP and, with the approval of the Board, contracts for professional services and employs the staff needed to operate the organization.

MEDICAL PLANS

Preferred Provider Organization (PPO) plans are available to all members and a Health Savings Account Plan (HSA Plan) is available to most members. All plans offer the same basic coverage for medical and pharmacy. Preventive care, including annual medical exams, age-specific screenings and immunizations, is covered at no cost to the member, no matter the medical plan chosen.

PREFERRED PROVIDER ORGANIZATION (PPO) PLANS

MCHCP's PPO plans use a network of preferred providers. A PPO plan allows members to use any provider, but claim reimbursement is higher when utilizing the PPO network.

The PPO plans have network benefits that require a deductible be met before claims are paid at 90%. Non-network benefit has higher out-of-pocket expenses. The out-of-pocket maximum ensures a member's annual medical expenses are capped.

HEALTH SAVINGS ACCOUNT PLAN (HSA PLAN)

MCHCP's HSA Plan provides a tax-advantaged way to help non-Medicare primary members save for future medical expenses.

The Internal Revenue Service establishes maximum annual HSA contribution amounts, but there is no limit on the balance of the HSA. MCHCP contributes funds to active employee's HSAs on an annual basis. HSA funds can be used for qualified medical and pharmacy expenses. The HSA Plan uses the same network of preferred providers that is used by the PPO plans. This plan has higher out-of-pocket medical expenses than the PPO plans.

PRESCRIPTION DRUG PLANS

MCHCP medical plan members are automatically enrolled in the prescription drug plan (PDP). Medicare Primary members are enrolled in a Medicare Part D PDP. Both non-Medicare and Medicare Primary PDPs use a broad network of retail pharmacies and one specialty pharmacy. The drug formulary covers a wide array of drugs and promotes the use of generics.

DENTAL PLAN

The dental plan offers a broad network of providers in the state. Preventive care, such as examinations and cleanings, is covered at 100 percent and does not count toward the plan year maximum benefit amount. Additional cleanings are provided for members who are pregnant, diabetic, have a suppressed immune system or have a history of periodontal therapy. The plan also covers fillings, extractions, root canals, bridges, dentures, crowns, the treatment of gum disease and other services with varying deductibles and coinsurance.

VISION PLAN

The vision plan offers set copayments for services received from network providers and allowances for services obtained from non-network providers. The plan covers examinations, lenses, frames, contact lenses and corrective laser surgery. Members can receive discounts on additional glasses and sunglasses from any provider, accepting those discounts, within 12 months of an eye exam.

EMPLOYEE ASSISTANCE PROGRAM (EAP)

The Employee Assistance Program (EAP), is a confidential counseling and referral service that can help employees and their families deal with life's challenges. EAP services are available at no cost to all state employees eligible for MCHCP medical coverage and members of their households. Members can keep using EAP services for 18 months following retirement and through the month in which they are laid off. Household members can also use EAP services for six months after a subscriber's death.

The program can help with issues such as stress, parenting, grief and loss and substance use, legal and financial concerns, and identity theft and fraud resolution. The EAP also offers everyday support through FamilySource® to assist with every day issues such as child and elder care, moving and relocation, making major purchases, vacation planning and much more simply by calling or accessing expert help online.

STRIVE FOR WELLNESS® PROGRAM

The *Strive for Wellness®* program provides evidence-based initiatives and resources designed to help most of our members better understand and manage their health.

Major strategies focus on empowering members to proactively receive preventive health screenings, manage chronic diseases, and to lead overall healthier lives. *Strive for Wellness®* offers premium reductions for eligible members who participate in the Partnership and Tobacco-Free Incentives.

In addition, the *Strive for Wellness®* team – comprised of expert clinicians and health educators - teaches employees how to make smart lifestyle choices. The team creates Healthy Moment Videos, Health Action Campaigns and leads health-education events and related activities, such as blood pressure screenings and an annual state employee 5K Run/Walk. Registered dietitians teach on-site weight management courses several times each year and registered nurses lead quit tobacco courses in state office buildings.

In an effort to broaden wellness opportunities to all state employees, particularly in regions located outside the capitol complex, wellness ambassadors and building wellness teams were created. These individuals and groups help organize on-site activities and services, reaching more employees where they work.

DISEASE MANAGEMENT PROGRAM (DM)

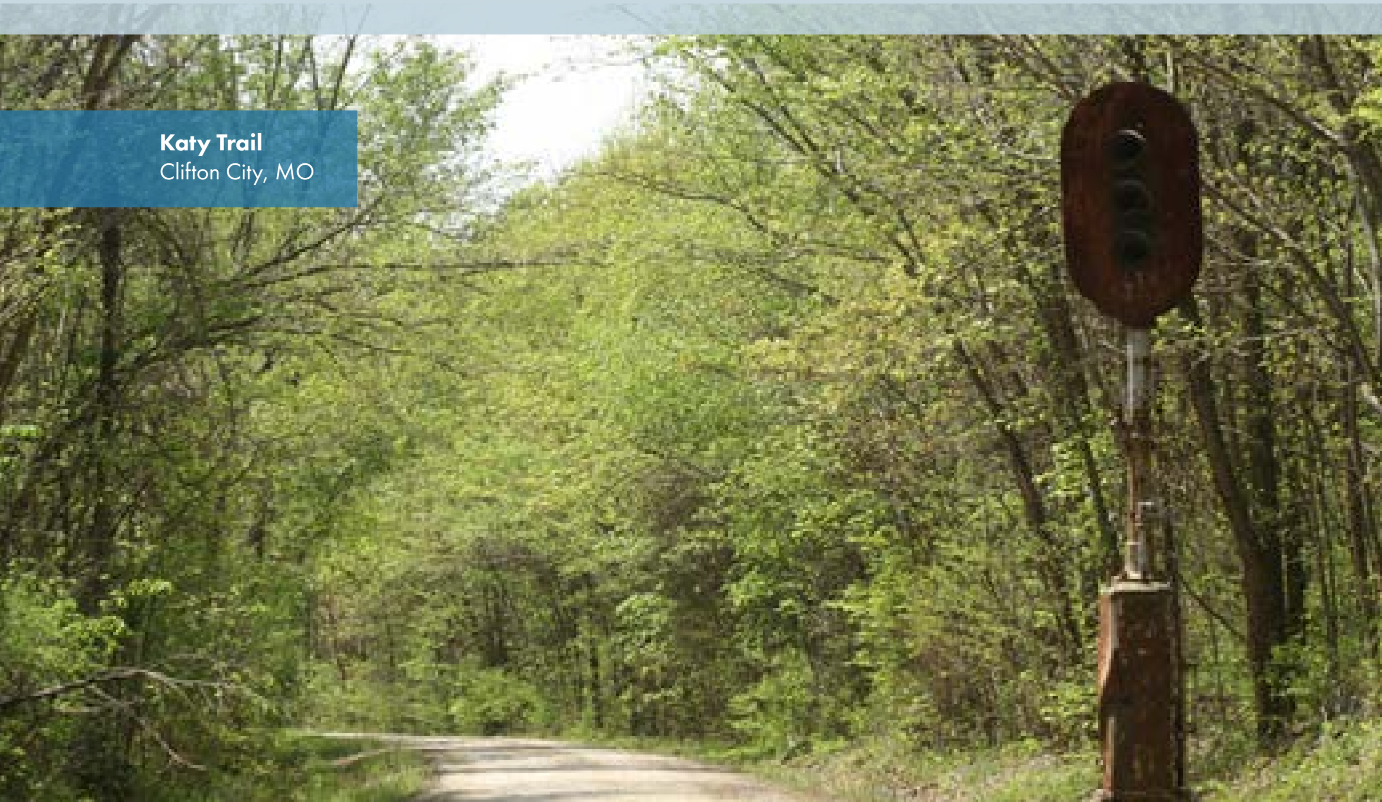
The Disease Management (DM) program encourages members with chronic conditions, such as diabetes and coronary artery disease, to participate in a telephonic, one-on-one nurse coaching program. Members learn new ways to control their conditions, and avoid health crises and relapses that can lead to emergency room visits. Nurses may communicate with a member's health care provider to share patient progress with DM between office visits.

Members who participate in the diabetes DM program receive additional support, including four visits with a certified diabetes educator, a glucometer, and no cost test strips and lancets. Participants also have access to lower prescription drug copayments and coinsurance for medications directly related to treating their diabetes.

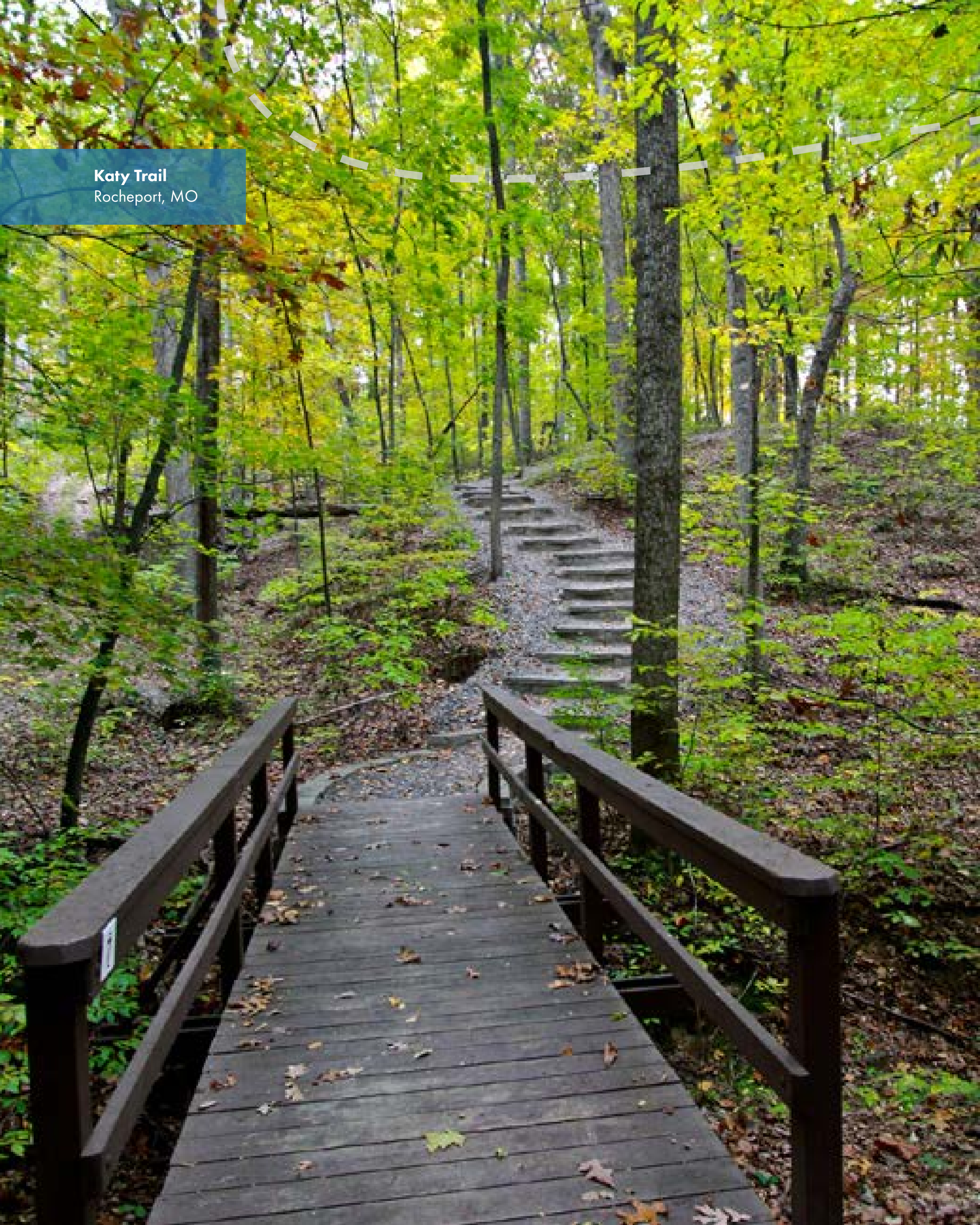
Members with other chronic conditions such as obesity, asthma or congestive heart failure also receive reduced non-formulary prescription copayments or coinsurance when they participate in a DM program.

STRIVE FOR WELLNESS® HEALTH CENTER

The *Strive for Wellness*® Health Center opened in early 2014 in the Harry S Truman building. The Center makes health care easily accessible to employees enrolled in an MCHCP medical plan by providing treatment for minor illnesses and preventive care services.



Katy Trail
Clifton City, MO


Katy Trail
Rocheport, MO

Guide

Financial

Report of Independent Auditors

BROWN SMITH WALLACE
6 CITYPLACE DRIVE SUITE 900 ST. LOUIS, MO 63141 PH 314.983.1200 FX 314.983.1300 BSWLLC.COM

Independent Auditor's Report

Board of Trustees
Missouri Consolidated Health Care Plan
Jefferson City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of each of the two major funds of Missouri Consolidated Health Care Plan (the "Plan") as of and for the fiscal year ended June 30, 2016, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Plan as of June 30, 2016, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplemental Information

U.S generally accepted accounting principles require management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with generally accepted auditing standards in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Introductory and Statistical Sections

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Brown Smith Wallace, LLP

St. Louis, Missouri
December 2, 2016

Management's Discussion & Analysis

This section of the annual financial report provides an overview and analysis of the financial activities of the Missouri Consolidated Health Care Plan (MCHCP) for the fiscal years ended June 30, 2016 and 2015. We encourage you to consider the information presented here in conjunction with additional information presented in the basic financial statements which follow this section.

Fiscal year ended June 30, 2016 became the ninth year of presentation for the adoption of the provisions of Governmental Accounting Standards Board (GASB) Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Implementation was not required until fiscal year 2008 because MCHCP previously accounted and reported for its activities under GASB #10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.* GASB #10 was amended by GASB #45 but remained in effect for accounting for healthcare benefits to retirees until the effective date of GASB #45. Thus, GASB #45 was effective for MCHCP's fiscal year ended June 30, 2008.

As a result of implementation, MCHCP created a separate fiduciary trust fund (State Retiree Welfare Benefit Trust or SRWBT) to handle the post-employment benefits for state employees. Prior to that time, the Internal Service Fund (ISF) of MCHCP handled the activity of both active and retired participants. For the current fiscal year, even though there was no significant change from an operational aspect, the net position and activity related to active participants is reported in the ISF and the net position and activity related to retired participants is reported in the SRWBT in the accompanying financial statements.

FUND ACCOUNTING

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. MCHCP, like other discretely presented component units of the State of Missouri (as defined by GASB Statement #14), uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories available for governmental accounting: governmental funds, proprietary funds and fiduciary funds. The ISF is considered to be a proprietary fund while SRWBT is classified as a fiduciary fund. MCHCP does not have any governmental funds.

Proprietary funds. Proprietary funds account for governmental operations that are designed to be self-supporting from fees charged to consumers for the provision of those goods and services or where the government has decided that the periodic determination of revenues, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises and focus on capital maintenance and the flow of economic resources through the use of accrual accounting. Of the two types of proprietary funds, MCHCP maintains one type: internal service fund. Internal service funds account for the financing of goods or services provided by one governmental department or agency to another and are expected to be self-supporting through charges to users. MCHCP's purpose is to provide medical insurance benefits to the State of Missouri's and other participating Missouri public entities' employees, retirees, and their dependents.

Fiduciary funds. Fiduciary funds account for assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government's own programs. Fiduciary fund accounting is similar to that used for proprietary funds. The purpose of the SRWBT is to provide health and welfare benefits for the exclusive benefit of current and retired employees of the State and their dependents who meet eligibility requirements, except for those retired members covered by other post-employment benefit (OPEB) plans of the State.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Plan's basic financial statements. Typically, governmental financial statements would be presented as three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. However, because the Plan has only proprietary and fiduciary funds, government-wide financial statements are not presented. Proprietary funds present financial statement information in the same manner as government-wide financial statements only with more detail, and government-wide financial statements would be repetitive. In addition, fiduciary funds are not reflected in government-wide financial statements because the resources of that fund are not available to support MCHCP's own programs.

MCHCP presents the ISF and SRWBT on separate fund financial statements. For the ISF, the basic financial statements are comprised of the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. For SRWBT, the basic financial statements are comprised of the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The Notes to the Financial Statements are also part of the basic financial statements and apply to both the ISF and SRWBT. The financial statements are prepared on the accrual basis in accordance with U.S. generally accepted accounting principles applicable to governmental benefit plans.

The Statement of Net Position and Statement of Fiduciary Net Position present MCHCP's financial position as of the end of the fiscal year for each fund. Information is displayed as assets and liabilities, with the difference between the two reported as net position or deficit. The net position of MCHCP reflect the resources available as of the end of the fiscal year to pay benefits to members when due. Over time, increases and decreases in net position measure whether MCHCP's financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Change in Net Position and the Statement of Changes in Fiduciary Net Position present information detailing the revenues and expenses that resulted in the change in net position that occurred during the current fiscal year. All revenues and expenses are reported on an accrual basis. This means that the revenue or expense is recognized as soon as the underlying event giving rise to the change occurs, regardless of when the actual cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods. For example, contributions due from a public entity, even though not yet paid by year end, will be reflected as revenue. Likewise, claims that occurred during the fiscal year under self-funded plans will be reflected as an expense, whether or not they have been paid as of the end of the fiscal year.

The Statement of Cash Flows presents the cash inflows and outflows of the ISF categorized by operating, capital and related financing, and investing activities. It reconciles the beginning and end of year cash balances contained in the Statement of Net Position. The effects of accrual accounting are adjusted out and noncash activities, such as depreciation, are removed to supplement the presentation in the Statement of Revenue, Expenses and Change in Net Position. A statement of cash flows is not required for the SRWBT.

The Notes to Financial Statements follow the above basic financial statements and provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS

The following tables present summarized financial position and results for the fiscal years ending June 30, 2016 and 2015. Additional details are available in the accompanying basic financial statements.

Summary Comparative Statements of Net Position

Current assets for the ISF decreased for the year ended June 30, 2016 due to changes in cash and cash equivalents as a result of operating activities. Capital asset activity has been minimal as operations have not changed significantly during the years presented.

With the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* during fiscal year ended June 30, 2015, the Plan has recognized deferred outflows of resources for pension contributions made and expensed of $967,148 and $539,717, respectively for the periods ended June 30, 2016 and 2015.

Accrued medical claims and fees increased for the ISF for the year ended June 30, 2016 over 2015, due primarily to an increase in the IBNR (incurred but not reported) estimate related to the current pattern of expected medical claims expenditures. Health risk profiles of plan participants remained relatively stable for the period and estimates are reflective of the active enrollment and medical trend projections during the year.

Unearned premiums and other liabilities for the periods ended June 30, 2016 and 2015 are primarily influenced by the State's contribution at June 30th for each of the years ended and the level of contribution applicable to each receipt. For the ISF unearned premiums at June 30, 2016, increased by approximately four percent over fiscal year 2015, due primarily to the State's contribution at June 30, 2016 and the respective levels of appropriated funding from the State included with these receipts. Unearned premiums and other liabilities are most significantly influenced by the state's payroll cycle and the amount and timing of receipt of premium payments to MCHCP prior to the effective date of coverage.

Noncurrent liabilities existing at June 30, 2016 and 2015 reflect the Plan's net pension liability related to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions.*

Net position represents the value of the ISF's assets after liabilities are deducted. The decrease in net position for the ISF at June 30, 2016 over 2015, is primarily the result of increases in medical and pharmacy expenses associated with utilization and claim unit costs and their impact on plan assets and liabilities.

Summary Comparative Net Position

Internal Service Fund

	As of June 30, 2016	As of June 30, 2015	Amount of Change	Percentage Change
ASSETS				
Current assets	**$193,798,783**	**$211,234,466**	**($17,435,683)**	**(8.25%)**
Capital assets	**221,396**	**304,082**	**(82,686)**	**(27.19)**
Deferred Outflow of Resources	**967,148**	**539,717**	**427,431**	**79.20**
Total Assets and Deferred Outflow of Resources	**$194,987,327**	**$212,078,265**	**($17,090,938)**	**(8.06%)**
LIABILITIES				
Accrued medical claims & fees	**$45,047,622**	**$37,275,405**	**$7,772,217**	**20.85%**
Unearned premiums & other liabilities	**35,921,221**	**34,568,556**	**1,352,665**	**3.91**
Total current liabilities	**80,968,843**	**71,843,961**	**9,124,882**	**12.70**
Total noncurrent liabilities	**5,133,995**	**3,718,667**	**1,415,328**	**38.06**
Deferred Inflow of Resources	**101,543**	**1,084,272**	**(982,729)**	**(90.63)**
Total Liabilities and Deferred Inflow of Resources	**$86,204,381**	**$76,646,900**	**$9,557,481**	**12.47%**
NET POSITION				
Unrestricted	**$108,561,550**	**$135,127,283**	**($26,565,733)**	**(19.66%)**
Net investment in capital assets	**221,396**	**304,082**	**(82,686)**	**(27.19)**
Total Net Position	**108,782,946**	**135,431,365**	**(26,648,419)**	**(19.68)**
Total Liabilities and Net Position	**$194,987,327**	**$212,078,265**	**($17,090,938)**	**(8.06%)**

Summary Comparative Statement of Fiduciary Net Position

Cash and cash equivalents decreased primarily to the timing of investment strategies and activity as approved by the Board of Trustees and performed by the Plan's investment manager. Investments increased at June 30, 2016, by over 3 percent due to the overall performance of the fund and the concentration mix of scheduled available assets.

Prescription drug rebates for the SRWBT increased during fiscal year 2016, as a result of the Plan's increases in pharmacy and specialty drug expenditures and the related direct and coverage gap discounts associated with those payments. Contractual improvements associated with pharmacy market check provisions increased per script returns while bolstering rebate revenues.

Contractual market check provisions associated with retail brand scripts increased prescription drug rebates for the SRWBT and are the primary influencers of the increase in net position at June 30, 2016, to approximately $117 million compared to $106.9 million at June 30, 2015.

Summary Comparative Fiduciary Net Position

State Retiree Welfare Benefit Trust

	As of June 30, 2016	As of June 30, 2015	Amount of Change	Percentage Change
ASSETS				
Cash and cash equivalents	**$2,313,857**	**$3,401,626**	**($1,087,769)**	**(31.98%)**
Due from MCHCP	**14,373,197**	**13,459,620**	**913,577**	**6.79**
Investments, at fair value	**101,819,021**	**98,808,072**	**3,010,949**	**3.05**
RECEIVABLES				
Prescription drug rebates	**$12,586,054**	**$4,393,204**	**$8,192,850**	**186.49%**
Other receivables	**266,384**	**301,807**	**(35,423)**	**(11.74)**
Total receivables	**12,852,438**	**4,695,011**	**8,157,427**	**173.75**
Total Assets	**$131,358,513**	**$120,364,329**	**$10,994,184**	**9.13%**
LIABILITIES				
Accrued medical claims & capitation fees	**$10,107,000**	**$7,781,000**	**$2,326,000**	**29.89%**
Unearned revenue	**3,917,668**	**3,714,698**	**202,970**	**5.46**
Other liabilities	**348,529**	**1,963,922**	**(1,615,393)**	**(82.25)**
Total Liabilities	**$14,373,197**	**$13,459,620**	**$913,577**	**6.79%**
Net Position, held in trust for other post-employment benefits	**$116,985,316**	**$106,904,709**	**$10,080,607**	**9.43%**

Summary Comparative Statements of Revenue, Expenses & Changes in Net Position

State/Employer contributions for fiscal years 2016 and 2015, for the ISF totaled $324,857,578 and $324,630,770, respectively. Funding for the years represented are attributable to the State's appropriation to fund the claims costs and operations expense attributable to State employee health benefits. Ultimately, claims costs for state employees are backed by the State of Missouri should State/Employer contributions not be sufficient to cover claims needs.

Member contributions for the ISF for the years ended June 30, 2016 and 2015, are influenced primarily by total enrollment, the mix of enrollment, the relative plan design for the respective years, and the State's commitment to providing a pathway for maintaining premium contributions through employer subsidy and employee participation in wellness initiatives.

Public entity enrollment at June 30, 2016, decreased approximately five percent over enrollment at June 30, 2015, although public entity contributions remained relatively stable due to the mix of enrollment for the year contributions for the years ended June 30, 2016 and 2015, were $7,904,470 and $8,063,991, respectively.

Subcontractor rebates increases at June 30, 2016 over 2015 are primarily influenced by the Plan's prescription drug expenditures, active enrollment, and the related contractual rebate improvements.

Medical claims and capitation expense increased by over seven percent during fiscal year 2016, and was primarily related to the Plan's increased expenditures for pharmacy and specialty drugs, medical utilizations and anticipated fluctuations in medical claims trends.

Summary Comparative Statement of Revenue, Expenses & Changes in Net Position

Internal Service Fund

	Year ended June 30, 2016	Year ended June 30, 2015	Amount of Change	Percentage Change
OPERATING REVENUES				
State/employer contributions	**$324,857,578**	**$324,630,770**	**$226,808**	**0.07%**
State employee/member contributions	**83,815,598**	**83,734,256**	**81,342**	**0.10**
Public entity contributions	**7,904,470**	**8,063,991**	**(159,521)**	**(1.98)**
Subcontractor & other rebates	**13,500,867**	**5,689,731**	**7,811,136**	**137.28**
Total Operating Revenues	**$430,078,513**	**$422,118,748**	**$7,959,765**	**1.89%**
OPERATING EXPENSES				
Medical claims & capitation expense	**$450,689,581**	**$419,469,510**	**$31,220,071**	**7.44%**
General & administration expense	**7,210,395**	**7,116,219**	**94,176**	**1.32**
Total Operating Expenses	**$457,899,976**	**$426,585,729**	**$31,314,247**	**7.34%**
Operating income	**(27,821,463)**	**(4,466,981)**	**(23,354,482)**	**522.82**
Investment income & other changes	**1,173,043**	**735,595**	**437,448**	**59.47**
Excess of revenues over expenses	**(26,648,420)**	**(3,731,386)**	**(22,917,034)**	**614.17**
Net position, beginning of the year, adjusted	**135,431,366**	**139,162,752**	**(3,731,386)**	**(2.68)**
Net Position, end of year	**$108,782,946**	**$135,431,366**	**($26,648,420)**	**(19.68%)**

Summary Comparative Statement of Changes in Fiduciary Net Position

Employer contributions for the SRWBT for the years ended June 30, 2016 and 2015, respectively were $66,199,740 and $62,585,666 and are attributable to the State's appropriation to fund the claims costs and operations expense attributable to State employee retiree health benefits. Ultimately, claims costs for state employees are backed by the State of Missouri should State/Employer contributions not be sufficient to cover claims needs.

Beginning in calendar year 2014, MCHCP began participating in a Medicare Prescription Drug Plan (PDP) to provide coverage to Medicare-primary retirees and dependents. The program anticipates greater savings to the employer over the historical retiree drug subsidy (RDS). During fiscal years 2016, and 2015 the SRWBT received $29,696,367 and $14,865,605 for rebates and subsidies associated with the Medicare PDP.

Medical claims and capitation expense increased for the SRWBT by over 10 percent during fiscal year 2016, primarily due to increased retiree enrollment in the SRWBT and the Plan's increased expenditures for pharmacy and specialty drugs and anticipated fluctuations in medical claims activity and trends.

River Bluffs Park
Hermann, MO

Summary Comparative Statement of Change in Fiduciary Net Position

State Retiree Welfare Benefit Trust

	Year ended June 30, 2016	Year ended June 30, 2015	Amount of Change	Percentage Change
ADDITIONS				
Employer contributions	**$66,199,740**	**$62,585,666**	**$3,614,074**	**5.77%**
Retiree contributions	**51,446,647**	**50,343,105**	**1,103,542**	**2.19**
Investment income	**2,275,792**	**4,003,656**	**(1,727,864)**	**(43.16)**
Retiree drug subsidy & other rebates	**29,696,367**	**14,865,605**	**14,830,762**	**99.77**
Total Additions	**$149,618,546**	**$131,798,032**	**$17,820,514**	**13.52%**
DEDUCTIONS				
Medical claims & capitation expense	**$131,451,967**	**$118,668,233**	**$12,783,734**	**10.77%**
Claims administration services	**4,892,410**	**5,865,488**	**(973,078)**	**(16.59)**
Administration & other	**3,193,562**	**2,632,026**	**561,536**	**21.33**
Total Deductions	**$139,537,939**	**$127,165,747**	**$12,372,192**	**9.73%**
Net increase	**10,080,607**	**4,632,285**	**5,448,322**	**117.62**
Net position held in trust for other post-employement benefits				
Beginning of year	**106,904,709**	**102,272,424**	**4,632,285**	**4.53**
End of year	**$116,985,316**	**$106,904,709**	**$10,080,607**	**9.43%**

SUMMARY

MCHCP remains committed to providing comprehensive and affordable health care to the members we serve, effectuating sound fiscal practices as stewards of Plan resources, and remaining diligent in our efforts in providing member education to facilitate member satisfaction and cost containment. Wellness and disease management programs were introduced and incorporated in an effort to promote healthy member outcomes and to promote cost containment. Operating expenses and vendor costs remained relatively stable due to competitive procurement with investments in technology and automation in Plan operations. Medical and pharmacy cost increases reflect expected fluctuations due to the emergence of specialty drug cost prevalence and normal medical claim trends. Increases associated with self-funded expenditures, are indicative of the attention to health risk profiles of the MCHCP population and management initiatives surrounding benefit design, disease management and wellness. In March of 2014, the Plan launched the *Strive for Wellness®* Health Center as an additional effort to promote appropriate utilization, provide members with additional access to services, while continuing to pursue avenues for cost containment. The health center realized a near breakeven in its initial full year of operation while reporting optimum member satisfaction results and continues to provide opportunities for members to pursue health management.

MCHCP's cash is invested conservatively to preserve principal and maintain liquidity. In addition, the Plan utilizes a master investment policy and instruments are predicated on an asset allocation model approved by the Board of Trustees. Investment income for the ISF and SRWBT consists of interest income, unrealized gains and losses in fair value, accretion of discounts, and amortization of premiums. Investment income for the ISF and the SRWBT in total was realized in the amount of $3,437,310 and $4,739,251 for the fiscal year's ended June 30, 2016 and 2015, respectively, and is predicated on the availability of investable assets and the economic conditions influencing market conditions.

MCHCP's actuary reviews the financial assets of MCHCP in conjunction with obligations and the funding available as provided by the Missouri General Assembly. Due to the state of economic conditions facing the State, the MCHCP, members of the General Assembly, and the State's Office of Budget and Planning meet regularly to discuss funding needs and projected claims expenditures in an effort to develop funding levels for the Plan. Ultimately, the funding of claims costs are backed by the State of Missouri should contributions be unable to meet claims obligations.

During the years presented, MCHCP faced a tightened State budget, which compelled it to continue to pursue opportunities in cost containment, member engagement in healthy outcomes and changes to benefit offerings. Combined with expected continued escalation in health care costs, MCHCP faces significant challenges in an effort to provide affordable health care coverage to its members. As a result, MCHCP has explored a full range of viable options to accommodate the State budget while continuing to offer comprehensive and affordable coverage to its members. Wellness and disease management programs that encourage member engagement are the progressive instrument to continue to foster healthier outcomes and reduce claims expenditures. MCHCP's wellness incentives are designed to incorporate and promote best in class initiatives. The overall financial position of MCHCP is reliant upon state funding, cost containment and comprehensive benefits review of the self-funded programs to continue to generate a healthier membership in MCHCP.

Katy Trail
Rocheport, MO

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of MCHCP's financial position for all those with an interest in MCHCP. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Missouri Consolidated Health Care Plan, 832 Weathered Rock Court, PO Box 104355, Jefferson City, Missouri 65110-4355.

Statement of Net Position

Internal Service Fund as of June 30, 2016

ASSETS

Current Assets	
Cash & cash equivalents	$148,272,142
Investments, at fair value	37,858,277
Rebates & other receivables	7,535,204
Prepaid expenses	133,160
Total Current Assets	**$193,798,783**
Noncurrent Assets	
Capital Assets	
Furniture, fixtures & equipment, net of accumulated depreciation of $2,434,462	221,396
Total Noncurrent Assets	**$221,396**
Deferred Outflow of Resources	967,148
Total Assets and Deferred Outflow of Resources	**$194,987,327**

LIABILITIES

Current Liabilities	
Accrued medical claims & capitation fee expense	$45,047,622
Accounts payable & accrued expenses	1,927,986
Due to SRWBT	14,373,197
Deferred premium revenue	19,620,038
Total Current Liabilities	**$80,968,843**
Noncurrent Liabilities	
Net Pension Liability	5,133,995
Total Noncurrent Liabilities	**$5,133,995**
Deferred Inflow of Resources	101,543
Total Liabilities and Deferred Inflow of Resources	**$86,204,381**
Net Position	
Unrestricted	$108,561,550
Accounts payable & accrued expenses	221,396
Total net position	**$108,782,946**
Total Liabilities, Deferred Inflow of Resources and Net Position	**$194,987,327**

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenses & Change in Net Position

Internal Service Fund year ended June 30, 2016

Operating Revenues	
State/employer contributions	**$324,857,578**
Member contributions	**83,815,598**
Public entity contributions	**7,904,470**
Pharmacy rebates	**13,500,867**
Total Operating Revenues	**$430,078,513**
Operating Expenses	
Medical claims & capitation expense	**$437,471,527**
Claims administration services	**13,218,054**
Payroll & related benefits	**3,192,904**
Health management	**1,719,724**
Administration	**740,609**
Professional services	**962,817**
Employee Assistance Program	**594,341**
Total Operating Expenses	**$457,899,976**
Operating revenues over (under) operating expenses	**(27,821,463)**
Non-Operating Revenues	
Investment & other income	**1,173,043**
Change in net position	**(26,648,420)**
Net position, beginning of year	**135,431,366**
Net Position, End of Year	**$108,782,946**

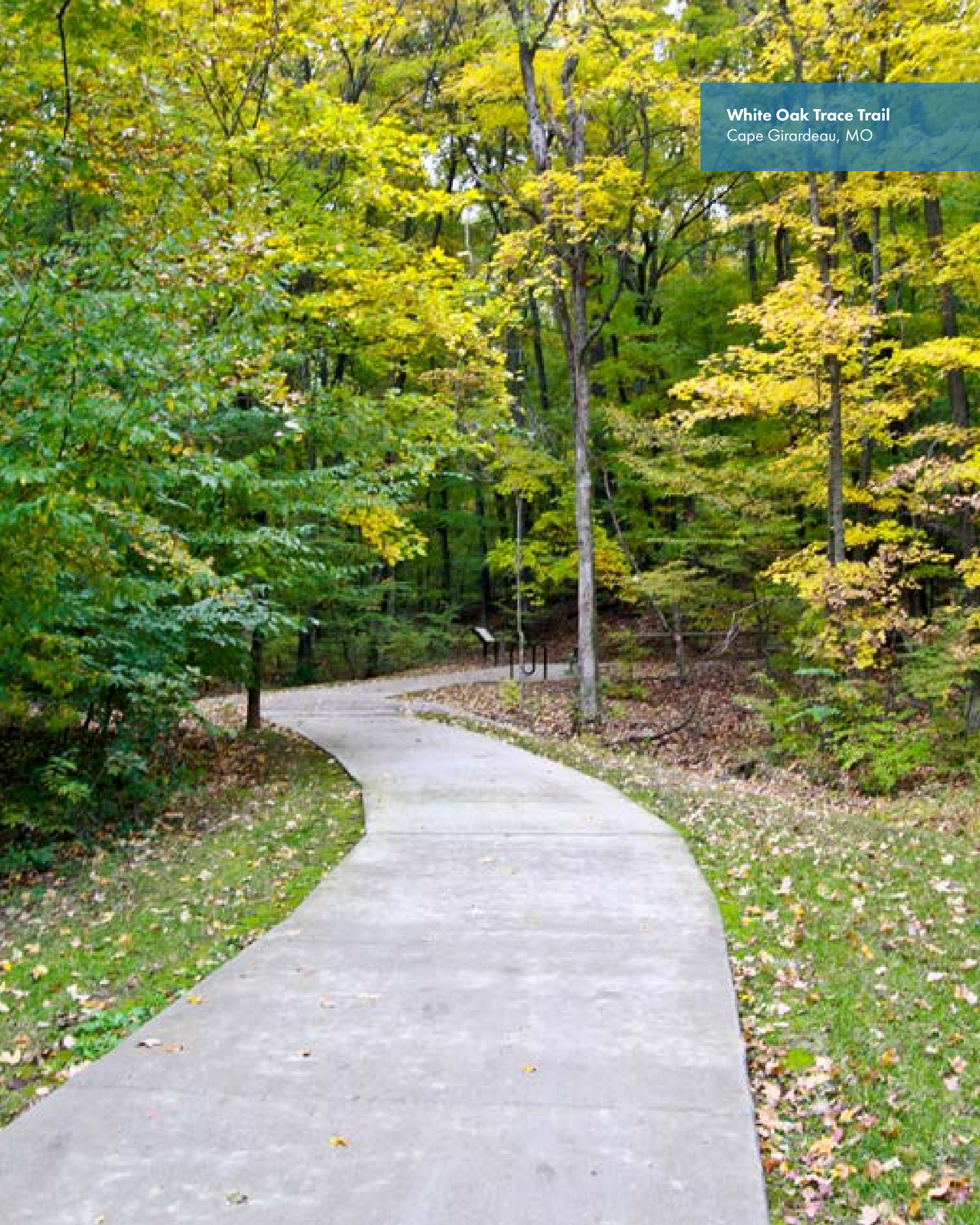
The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Internal Service Fund year ended June 30, 2016

Cash Flows from Operating Activities	
Cash received from employer & members	**$425,867,692**
Cash payments for medical claims & capitation fee payments	**(429,699,311)**
Cash payments to employees for services	**(3,187,737)**
Cash payments to other suppliers of goods & services	**(16,644,549)**
Net Cash Used by Operating Activities	**($23,663,905)**
Cash Flows from Noncapital Financing Activities	
Changes in amounts due to SRWBT	**913,577**
Cash Flows from Capital & Related Financing Activities	
Purchase of furniture, fixtures & equipment	**(38,025)**
Cash Flows from Investing Activities	
Cash received from investment income; net of investment expenses	**1,034,803**
Purchase of investments	**(12,725,825)**
Proceeds from investments	**12,329,854**
Net cash provided by Investing Activities	**638,832**
Net decrease in Cash & Cash equivalents	**(22,149,521)**
Cash & Cash Equivalents, Beginning of Year	**170,421,663**
Cash & Cash Equivalents, End of Year	**$148,272,142**
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating revenues under operating expenses	**(27,821,462)**
Adjustments	
Adjustments to net cash used by operating activities	
Depreciation	**120,711**
Pension expense	**519,586**
Changes in Assets & Liabilities	
Rebates & other receivables	**(4,094,036)**
Prepaid expenses	**(85,589)**
Accrued medical claims & capitation fees	**7,772,217**
Accounts payable & accrued expenses	**555,874**
Unearned premium revenue	**(116,786)**
Deferred outflows - contributions after the measurement date	**(514,420)**
Total Adjustments	**4,157,557**
Net Cash Used By Operating Activities	**($23,663,905)**
Noncash investing, capital & financing activities	
Change in fair value of investments	**(181,608)**

The accompanying notes are an integral part of the financial statements.



White Oak Trace Trail
Cape Girardeau, MO

Statement of Fiduciary Net Position

State Retiree Welfare Benefit Trust as of June 30, 2016

ASSETS	
Cash & cash equivalents	**$2,313,857**
Due from MCHCP	**14,373,197**
Investments, at fair value	
Mutual Funds	**22,112,997**
Equities	**17,704,624**
Corporate	**10,814,143**
Collateralized Mortgage Obligations	**13,377,839**
U.S. Government Guaranteed Mortgages	**16,225,665**
U.S. Agencies	**19,475,632**
U.S. Agencies	**2,108,121**
Receivables	
Prescription drug rebates	**12,586,054**
Retiree drug subsidy	**-**
Other receivables	**266,384**
Total Assets	**$131,358,513**
LIABILITIES	
Accrued medical claims & capitation fees	**$10,107,000**
Unearned revenue	**3,917,668**
Other Liabilities	**348,529**
Total Liabilities	**$14,373,197**
Net Position, Held in Trust For Other Post-Employment Benefits	**$116,985,316**

The accompanying notes are an integral part of the financial statements.

Statement of Change in Fiduciary Net Position

State Retiree Welfare Benefit Trust as of June 30, 2016

Additions	
Employer contributions	**$66,199,740**
Retiree contributions	**51,446,647**
Investment income	**2,275,792**
Retiree drug subsidy & other rebates	**29,696,367**
Total Additions	**$149,618,546**
Deductions	
Medical claims & capitation expense	**$131,451,967**
Claims administration services	**4,892,410**
Administration & other	**3,193,562**
Total Deductions	**$139,537,939**
Net Increase	
Net Position Held in Trust for Other Post Employment Benefits	**10,080,607**
Beginning of Year	**106,904,709**
End of Year	**$116,985,316**

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

1. GENERAL INFORMATION

The Missouri Consolidated Health Care Plan or the Plan was statutorily created and organized on January 1, 1994, with the purpose of providing medical insurance benefits to the State of Missouri's (State) employees, retirees and their dependents as well as other Missouri public entity employees, retirees and their dependents. Prior to 1994, medical insurance benefits for the State's employees, retirees and their dependents were provided by Missouri State Employees' Retirement System (MOSERS) medical care plan. On January 1, 1994, through a transfer agreement between the Plan and MOSERS, all medical care plan assets and liabilities were transferred to the Plan.

The Plan currently has approximately 95,000 active and retired State members and dependents, 1,078 public entity members and dependents, and more than 96,000 covered lives, and is funded through both employer and employee contributions. Through December 31, 1994, all Plan members were State employees, retirees and their dependents. Beginning January 1, 1995, additional members included public entity employees, retirees and dependents.

State contribution rates are based on the State's approved appropriation and the number of anticipated participants. State employee and public entity contribution rates are established by the Plan's Board of Trustees based on contractor bids for the plan year and budgeted employer contributions.

MCHCP is a risk pool and administers an "agent multiple employer plan" because each employer remains individually responsible for financing its own commitment to provide benefits to its participants, including any eligible retirees. As a result of the implementation of GASB Statement No. 43, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, MCHCP created a separate fiduciary trust fund (State Retiree Welfare Benefit Trust, or SWRBT) to handle the post-employment benefits for State employees.

SRWBT was established and organized on June 27, 2008, pursuant to the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178 to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the State and their dependents who meet eligibility requirements except for those retired members covered by other post-employment benefit (OPEB) plans of the State. The SRWBT is considered a cost-sharing multiple employer plan because it covers various State agencies and legally separate component units. It is administered by Plan staff under the direction of the Plan Board of Trustees. The SRWBT does not issue a separate audited financial report.

Beginning June 30, 2009, the net position and activity related to active participants are reported in the Internal Service Fund (ISF), and the net position and activity related to retired participants are reported in the SRWBT in the accompanying financial statements. In the following footnotes, the term "the Plan refers to both the ISF and SRWBT. Disclosures that are specific to the ISF or SRWBT are separately noted.

The Plan is considered a part of the State's financial reporting entity and is included in the State's financial report as a component unit. As the Plan is considered a political subunit of the State and provider of essential governmental services, it is not subject to federal income taxes, nor to the provisions of the Employee Retirement Income Security Act of 1974. The Plan is administered according to Missouri statutes. These statutes do not include a provision for the termination of the Plan.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets

and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the ISF are intended to present the financial position and the changes in cash flows of only that portion of the activities attributable to the transactions of the ISF. The ISF is accounted for as a proprietary fund.

The Plan's financial statements for the ISF were prepared using the accrual basis of accounting, in accordance with GAAP, as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, establishes the GAAP hierarchy for proprietary funds. The statement requires that proprietary activities apply to all applicable GASB pronouncements. The Plan implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the fiscal year ended June 30, 2013. The objective of the statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Effective for fiscal year ended June 30, 2015, the Plan adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27*, which enhances accounting and financial reporting by state and local governments for pensions and improves information provided by the state and local governmental employers about financial support for pensions provided by other entities. The Plan now recognizes a long term liability for the net pension liability in the Statement of Net Position. See Note J for additional details regarding the Plan's retirement plan.

Effective for fiscal year ended June 30, 2016, the Plan adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which intends to improve financial reporting by requiring governments to account and report utilizing a consistent and more detailed definition of fair value and accepted valuation techniques. Adoption resulted in additional note disclosures in Note C to display investments by the category of measurement hierarchy.

The financial statements of the SRWBT are intended to present the financial position and the changes in cash flow of only that portion of the activities attributable to the transactions of the SRWBT.

Benefits and refunds of the SRWBT are recognized when due and payable in accordance with the terms of the plan. The SRWBT is accounted for as a fiduciary fund. Accordingly, the financial statements are prepared using the accrual basis of accounting in conformity with GAAP.

B. Method Used to Value Investments

Investments are reported at fair value on a trade-date basis with changes in fair value recorded in investment income on the statement of revenues, expenses and change in net position. Investments are recorded at fair value as determined by quoted market price, when available, or estimated fair value when not available. Many factors are considered in arriving at that fair market value. In general, however, bonds and mortgage backed securites are valued based on yields currently available on comparable securities of issuers

with similar credit ratings. Realized gains and losses are based on the specific identification basis. The calculation of realized gains and losses is independent of the calculation of the change in net unrealized gains and losses.

C. Deposits & Investments

The Plan considers all highly liquid investments, readily convertible into cash with original maturities of three months or less, to be cash equivalents.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan would not be able to recover deposits or collateral securities in the possession of an outside party. In an effort to mitigate custodial credit risk, the Plan requires the bank to sweep the accounts each night into overnight repurchase agreements for which the underlying securities must be of the type approved by the State. All remaining cash balances are to be insured or appropriately collateralized.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, the Plan would not be able to recover the value of investments or collateral securities in the possession of an outside party. The Plan does not have a formal policy regarding custodial credit risk. However, the bank acting as the investment manager has been approved by the Plan's Board of Trustees.

Deposits

Cash balances represent operating bank account balances. To maximize investment income, the float caused by outstanding checks is invested in overnight repurchase agreements, thus causing a negative carrying value.

At June 30, 2016, cash held in the financial institution had a bank balance of $55,749 and a carrying value of ($13,433,628). Of the bank balance, $55,749 was covered by federal depository insurance. The remaining $164,019,627 of cash and cash equivalents are held in repurchase agreements and fully collateralized with securities held by a third-party financial institution in the Plan's name.

The Plan's contracted yield on its overnight repurchase agreements was 15 basis points above the prevailing 91-day U.S. Treasury Bill rate as of June 30, 2016.

Investments

The Plan's investment policy for the ISF is predicated on the primary objectives of safety, liquidity, and yield, in order of priority. Investments in bankers' acceptances and commercial paper are required to mature and become payable not more than 180 days from the date of purchase. All other investments are required to mature and become payable not more than five years from the date of purchase. The weighted average life should not exceed three years and should be consistent with the investment objectives.

The Board of Trustees adopted an asset allocation model for the SRWBT that implemented a moderate investment approach allocating 33 percent to equities. This approach was approved to steadily increase the exposure of the SRWBT to higher return asset classes over time. Exposure to equities will be through a combination of actively managed index funds and/or exchange traded funds that are highly rated and reviewed regularly. Allocations are back-tested, and future assets are projected in all models. The Plan follows the "prudent person" rule for investment decisions. Essentially, the Plan operates as a prudent person acting in a like capacity and familiar with similar matters would act in the conduct of an enterprise of a like character and with like aims. Any person with fiduciary responsibilities with respect to the Plan is covered by this "prudent person" rule. As of June 30, 2016, the Plan had the following investments as presented on the following page.

Investments

Internal Service Fund

Investments	2016 Market Value
U.S. Agencies	**$18,328,147**
U.S. Government Guaranteed Mortgages	**2,268,986**
U.S. Treasury	**17,261,144**
Total Investments	**$37,858,277**

Investments

State Retiree Welfare Benefit Trust

Investments	2016 Market Value
U.S. Agencies	**$19,475,632**
U.S. Government Guaranteed Mortgages	**16,225,665**
Corporate	**10,814,143**
Collateralized Mortgage Obligations	**13,377,839**
Equities	**17,704,624**
Mutual Funds	**22,112,997**
U.S. Treasury	**2,108,121**
Total Investments	**$101,819,021**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the ISF's investment in a single issue. To mitigate this risk, the ISF's investment policy provides general guidelines on diversification.

Investments in U.S. Treasuries and securities, collateralized time and demand deposits, and collateralized repurchase agreements can constitute up to 100 percent of the investment portfolio; U.S. government agencies, including mortgage-backed securities, cannot exceed 60 percent of the portfolio; and U.S. government agency callable securities, bankers' acceptances and commercial paper cannot exceed 30 percent of the portfolio. The SRWBT has implemented an investment approach allocating 33 percent to equities.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Plan minimizes this risk by only authorizing investment types approved by the Treasurer of the State of Missouri, limiting investments to the safest types of securities, and diversifying the portfolio so potential losses on individual securities will be minimized. The Plan's investments by credit rating category as of June 30, 2016 are presented on the following page.

Credit Risk

Internal Service Fund

Investments	2016 Market Value	2016 Ratings
U.S. Agencies	$18,328,147	Aaa
U.S. Government Guaranteed Mortgages	2,268,986	Aaa
U.S. Treasury	17,261,144	Aaa
Total Investments	**$37,858,277**	

Credit Risk

State Retiree Welfare Benefit Trust

Investments	2016 Market Value	2016 Ratings
U.S. Agencies	$19,475,632	Aaa
U.S. Government Guaranteed Mortgages	16,225,665	Aaa
Corporate	10,814,143	A+
Collateralized Mortgage Obligations	13,377,839	Aaa
Equities	17,704,624	A
Mutual Funds	22,112,997	3-Star
U.S. Treasury	2,108,121	Aaa
Total Investments	**$101,819,021**	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan minimizes this risk by structuring the portfolio so securities mature to meet cash requirements for ongoing operations, using cash flow modeling to moderate the interest rate risk by reducing any unanticipated security sales that could result in a loss of principal and, maintaining the operating funds primarily in repurchase agreements according to the banking contract.

For the interest rate risk measurement for the Plan, Central Bank employs the duration method. The maturities of the Plan's investments as of June 30, 2016 are presented below.

Interest Rate Risk

Internal Service Fund

Investments	2016 Market Value	2016 Duration
U.S. Agencies	$18,328,147	2.09
U.S. Government Guaranteed Mortgages	2,268,986	2.44
U.S. Treasury	17,261,144	2.09
Total Investments	**$37,858,277**	

Interest Rate Risk

State Retiree Welfare Benefit Trust

Investments	2016 Market Value	2016 Duration
U.S. Agencies	$19,475,632	4.90
U.S. Government Guaranteed Mortgages	16,225,665	4.78
Corporate	10,814,143	5.74
Collateralized Mortgage Obligations	13,377,839	3.47
Equities	17,704,624	-
Mutual Funds	22,112,997	-
U.S. Treasury	2,108,121	6.65
Total Investments	**$101,819,021**	

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan has no investments subject to foreign currency risk.

Fair Value Measurement

MCHCP categorizes its fair value measurements with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application.* The hierarchy for fair value is as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets available at the measurement date.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; and model derived valuations in which all significant inputs are corroborated by observable market data.

Level 3 – Valuations derived from valuation methodology in which significant inputs are unobservable.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified with Level 1 of the fair value hierarchy. MCHCP's Level 1 investments primarily consist of investments in U.S. Treasury obligations for the ISF and U.S. Treasury obligations, equity securities, and mutual funds for the SRWBT. When quoted prices in active markets are not available, fair values are based on evaluated prices received from MCHCP's custodian of investments in conjunction with a third party pricing service and are reported with Level 2 of the fair value hierarchy. The inputs for Level 2 include, but are not limited to, pricing models such as benchmarking yields, reported trades, broker-dealer quotes, issuer spreads and benchmarking securities, among others. MCHCP's Level 2 investments consist of investments for both the ISF and SRWBT of U.S Agency and Mortgage Backed Securities and additionally for the SRWBT Corporate and Collateralized Mortgage Obligations. MCHCP did not maintain any Level 3 investments.

Investments

Internal Service Fund

		Fair value measurement at report date using		
Investments	Fair Value June 30, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
US Government Agencies (AGCY)	**$18,328,147**	**$ -**	**$18,328,147**	**$ -**
Mortgage Backed Securities (MBS)	**2,268,986**	**-**	**2,268,986**	**-**
US Treasury (TRSY)	**17,261,144**	**17,261,144**	**-**	**-**
Total	**$37,858,277**	**$17,261,144**	**$20,597,133**	**$ -**

Investments

State Retiree Welfare Benefit Trust

Investments	Fair Value June 30, 2016	Fair value measurement at report date using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
US Government Agencies (AGCY)	**$19,475,632**	**$ -**	**$19,475,632**	**$ -**
Mortgage Backed Securities (MBS)	**16,225,665**	**-**	**16,225,665**	**-**
US Treasury (TRSY)	**2,108,121**	**2,108,121**	**-**	**-**
Corporate (CORP)	**10,814,143**	**-**	**10,814,143**	**-**
Collateralized Mortgage Obligations (CMO)	**13,377,839**	**-**	**13,377,839**	**-**
Equities	**17,704,624**	**17,704,624**	**-**	**-**
Mutual Funds	**22,112,997**	**22,112,997**	**-**	**-**
Total	**$101,819,021**	**$41,925,742**	**$59,893,279**	**$ -**

D. Interfund Activity & Balances

As disclosed above, the ISF provides all administrative responsibilities related to SRWBT, which has no separate facilities or staff. Expenses directly attributable to SRWBT are charged to SRWBT. Other operating expenses, including personnel, are allocated between the ISF and the SRWBT based on participant counts for retired and active participants.

The balance of the inter fund receivable/payable represents the excess of SRWBT contributions collected by the ISF Plan over expenses paid by the ISF Plan for SRWBT.

E. Receivables

Beginning January 1, 2014, the Plan began offering an Employer Group Waiver Plan (EGWP), a Medicare Part D prescription drug plan (PDP) to Medicare eligible retirees and covered Medicare eligible dependents. Estimated revenue is recognized as the SRWBT incurs Medicare eligible retiree prescription drug expenditures. In addition, the Plan receives rebates from its pharmacy benefit manager related to manufacturers' rebates and other guaranteed rebates for non-Medicare Part D prescriptions. For the year ended June 30, 2016, these rebates are allocated between the ISF and the SRWBT based upon their respective claims activity. Estimated revenue is recognized for rebates based on prescription claims counts, historical average rebate per claim, and actual receipts.

Other receivables include interest income and member premium amounts.

F. Furniture, Fixtures & Equipment

Furniture, fixtures and equipment are capitalized at cost when acquired. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Furniture and fixtures are depreciated over a 10-year useful life. Data processing equipment is depreciated over a five-year useful life. The threshold for the capitalizing of fixed assets is $1,000.

Maintenance and repairs are charged to expense as incurred. The cost and related accumulated depreciation of assets sold or retired are removed from the related accounts, and the resulting gains or losses are reflected as non-operating gains or losses in the statement of revenues, expenses and change in net position. The changes in Furniture, Fixtures and Equipment for the year ended June 30, 2016 are as presented in the chart below.

Furniture, Fixtures & Equipment

Missouri Consolidated Health Care Plan

	2016
Additions	
Balance, beginning of year	**$2,810,884**
Additions	**38,025**
Deletions	**(193,051)**
Balance, End of Year	**$2,655,858**
Accumulated Depreciation	
Balance, beginning of year	**$2,506,802**
Depreciation expense	**120,711**
Deletions	**(193,051)**
Balance, End of Year	**$2,434,462**

G. Plan Funding

State Appropriations/Contributions

Funds are appropriated to the Plan by the Missouri State General Assembly. Premiums are received one-half prior to the month of coverage and one-half during the month of coverage. Funds are received by the Plan every two weeks and coincide with the State's payroll cycle. The State's monthly per-member active contribution for fiscal year 2016, averaged $717 per month. The State's contribution per member to fund the current fiscal year cost of retiree plan benefits for the year ended June 30, 2016 averaged 3.925 percent of active employee covered payroll.

The State did not provide additional funding towards future OPEB benefits for the period ended June 30, 2016. All state appropriations are available to pay benefits for both active and retired participants except for the amounts contributed to fund the OPEB reserve.

Member Premiums

Monthly member premiums for State employees are established annually by the Plan's Board of Trustees. These premiums are deducted from employee payroll checks in advance. Additionally, the Plan bills members who are not receiving payroll checks two weeks in advance.

Public Entity Premiums

Monthly public entity premiums are established annually by the Plan's Board of Trustees. The Plan bills the public entities two weeks in advance.

Deferred Premium Revenue

Deferred premium revenue includes premium revenue from the members, public entities, and the State received in advance of the month coverage is provided.

Operating/Non-operating Revenues

Operating revenues and expenses reflect items directly related to providing health benefits to members. Non-operating revenues and expenses represent investment income and other items not directly related to providing health benefits to members.

H. Other Post-Employment Benefits

Employees may participate in state-sponsored medical coverage in retirement based on Plan criteria. At June 30, 2016, there were 20,584 retirees and their dependents who met these eligibility requirements.

For the year ended June 30, 2016, expenditures (net of retiree contributions) of $129.1 million were recognized for post-retirement medical insurance coverage under the self-funded PPO, and less than $19,000 under the fully insured PPO option.

Funded Status and Funding Progress

The funded status of the SRWBT as of the most recent actuarial valuation is presented below.

Schedule of Funding Progress (in millions)

State Retiree Welfare Benefit Trust

Fiscal Year Ending 2016

Actuarial Value of Assets (a)	**$117.0**
Actuarial Accrued Liability (AAL) (b)	**$1,730.7**
Unfunded/(Overfunded) AAL (UAAL) (b) - (a)	**$1,613.7**
Funded Ratio (a) / (b)	**6.8%**
Covered Payroll (c)	**$1,586.5**
UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]	**101.7%**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision, as actual results are compared with past expectations and revised estimates are made about future costs. The estimated actuarial accrued liability reflected above is based on the substantive plan in place at the time of the latest actuarial valuation. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued benefits.

The accompanying schedule of employer contributions, presented as required supplementary information, presents trend information about the amounts contributed to the plan by employers in comparison to the amount that is actuarially determined in accordance with the requirements of GASB Statement No. 43. The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Projections include a broad array of complex social and economic events, such as the emergence of new and expensive medical procedures and prescription drug options, changes in investment rates of return, and other uncertainties. As such, the estimate of post-retirement program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated obligation. Additional information as of the latest actuarial valuation is presented on the next page.

Summary of Key Actuarial Methods & Assumptions

State Retiree Welfare Benefit Trust

Valuation Year July 1, 2015 - June 30, 2016

Actuarial cost method	**Entry age normal, level percentage of payroll spread**
Amortization method	**30 years, open, level percent of pay**
Asset Valuation method	**Market value**

Actuarial Assumptions

Discount rate	**6%**
Projected payroll growth rate	**4%**
Inflation Rate	**3%**

Health care cost trend rate

Non Medicare is 6.5% for fiscal year 2016; the rate decreases by 0.3% per year to an ultimate rate of 5% in fiscal year 2021 and later. Medicare is 6.6% for fiscal year 2016; the rate decreases by 0.4% per year through fiscal year 2019, then by 0.2% per year until reaching the ultimate rate of 5% in fiscal 2021 and later.

Employer Disclosures

Participating employers, upon their implementation of GASB No. 45, are required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used. Employer disclosures for MCHCP can be found in footnote M.

I. Medical Claims & Capitation

As of June 30, 2016, the Plan insured approximately 92 percent of its members through PPO contracts. Third-party administrators are paid a contracted administrative fee per subscriber for the self-insured contracts, with the Plan bearing all administrative and medical claims costs of providing coverage to the members. Enrollment in the High Deductible Health Plan was approximately 8% for the year ended June 30, 2016.

The liability for estimated accrued claims and processing costs is based on an actuarial estimate of the ultimate cost of settling such claims due and payable as of the balance sheet date (including claims reported and in process of settlement, claims reported but not yet processed for settlement, and claims incurred for services provided but not yet reported or processed for settlement). The estimated actuarial liability reflects certain assumptions, which include such factors as enrollment and utilization. Adjustments to the estimated actuarial liability for the final settlement of claims will be reflected in the year that actual results of the settlement of the claims are made and are known.

As of June 30, 2016, $3,652,622, is included in accrued medical claims and capitation fee expenses for accrued PPO capitation expenses. Additionally, $51,502,000 at June 30, 2016, is included in estimated accrued medical costs for claims incurred but not yet paid under the Plan's self-funded products. Although management believes these estimates are adequate, the ultimate liability may be more or less than the amounts recorded.

The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in current operations. Contingent liabilities exist with respect to claims covered under the Plan in the event a contracted provider or carrier is unable to meet its obligations to the Plan. Changes in estimated accrued claims for fiscal year 2016 are presented below.

Summary of Changes in Estimated Accrued Claims

Internal Service Fund

Balances	2016
Balance at beginning of year	$33,378,000
Current year claims & changes in estimates	269,659,887
Claim Payments	(261,642,887)
Balance at End of Year	**$41,395,000**

Summary of Changes in Estimated Accrued Claims

State Retiree Welfare Benefit Trust

Balances	2016
Balance at beginning of year	$7,781,000
Current year claims & changes in estimates	129,125,967
Claim Payments	(126,799,967)
Balance at End of Year	**$10,107,000**

J. Retirement Plan

General Information About the Pension Plan

Plan description. Benefit eligible employees of MCHCP are provided with pensions through MOSERS – a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined plan for eligible state and other related agency employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available report that can be obtained at *www.mosers.org*.

Benefits provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR.

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board of Trustees. Employees in the MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. MCHCP's required contribution rate for the year ended June 30, 2016, was 16.97 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan year ended June 30, 2015 was 16.97 percent, which is the year of measurement for the net pension liability. Contributions to the pension plan from MCHCP were $514,420 for the year ended June 30, 2016.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MOSERS and additions/deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, MCHCP reported a liability of $5,133,995 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The MCHCP proportion of the net pension liability was based on MCHCP's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2015. At June 30, 2015, MCHCP's proportion was 0.160 percent, an increase from its proportion measured using 0.1577 percent as of the June 30, 2014, measurement date. There were no changes in benefit terms during the MOSERS plan year ended June 30, 2015, that affected the measurement of total pension liability.

For the year ended June 30, 2016, MCHCP recognized pension expense of $519,586. At June 30, 2016, MCHCP reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	**$9,590**	**$33,214**
Changes of assumptions	**-**	**68,329**
Net difference between projected and actual earnings on pension plan investments	**394,204**	**-**
Changes in proportion and differences between MCHCP contributions and proportionate share of contributions	**48,934**	**-**
MCHCP contributions subsequent to the measurement date of 6-30-15	**514,420**	**-**
Total	**$967,148**	**$101,543**

Contributions of $514,420 reported as deferred outflows of resources related to pensions resulting from MCHCP contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in MCHCP's fiscal year following MOSERS' fiscal year as follows:

Projected Recognition of Deferred Outflows/(Inflows)

Plan Year ending June 30:

2016	**$16,689**
2017	**16,083**
2018	**13,764**
2019	**304,651**
2020	**-**
Thereafter	**-**

Assumptions. The total pension liability in the June 30, 2015 actuarial valuation, which is also the date of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.5 percent, approximate
Salary increases or wage inflation	0% for FY 2016 and 3.0 percent annually, average, including inflation thereafter
Investment rate of return	8.0 percent per year, compounded annually, net after investment expenses and including inflation

Mortality rates were based on the RP-2000 combined healthy mortality table projected to 2016 with Scale AA. The pre-retirement mortality rates used were 100% of the port-retirement mortality rates for males and 80% of the port-retirement mortality for females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The change in assumptions recorded as deferred inflows of resources was related to a change in wage assumptions. For the June 30, 2015, valuation, wage inflation is assumed to be 0% in the first year and 3% thereafter. This is a one-time change based on the pay freeze enacted for fiscal year ending June 30, 2016. Previously, salary increases were assumed to be 3.0% to 5.9% annually on average, including inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2011. As a result of the 2011 actuarial experience study, the MOSERS Board made various demographic assumption changes to more closely reflect actual experience. The most significant change was lowering the assumed annual investment rate of return from 8.5 percent to 8 percent. MOSERS is conducting an experience study and the results of that study are expected to be finalized prior to June 30, 2016 which will be used by the actuarial firm to conduct the valuation report for MOSERS' FY 2016's valuation which impacts MCHCP's FY 2018 payroll.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in MOSERS target asset allocation as of June 30, 2015 are summarized in the table on the following page.

Asset Class Allocation

Asset Class	Policy Allocation	Long-term Expected Real Rate of Return*	Weighted Average Long-Term Expected Real Rate of Return
Beta Balanced	**80.0%**	**5.7%**	**4.6%**
Illiquids**	**20.0%**	**7.3%**	**1.5%**
	100.0%		**6.1%**

**Represent best estimates of geometric rates of return for each major asset class included*

*** Illiquid portfolio upper limit of 27.5% of capital, no new commitments past 23%*

Discount rate. The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate. The following presents MCHCP's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what MCHCP's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
MCHCP's proportionate share of the net pension liability	**$7,240,366**	**$5,137,542**	**$3,371,493**

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS financial report.

Additionally, the Plan did not report any payables to MOSERS at June 30, 2016.

K. Deferred Compensation Plan

The State of Missouri Deferred Compensation Plan is a voluntary defined contribution plan offered in compliance with IRS Code Sections 457 and 401(a). The Plan is administered by MOSERS in accordance with Sections 105.900 to 105.927 of the Revised Statutes of Missouri. MOSERS has retained ICMA-RC for participant account record keeping and processing services since November 2011. The Plan offers all state employees the opportunity to save for retirement with before and after tax (Roth) money. New permanent full-time and part-time employees are automatically enrolled in the plan at a 1% contribution per pay period made via payroll deduction.

Audited financial statements for the State of Missouri Deferred Compensation Plan can be viewed on MOSERS website at *www.mosers.org*.

L. Employee Assistance Program

An employee assistance benefit program is offered to all State employees and their immediate families. The program, serviced through ComPsych, offers six free mental health counseling sessions per problem, per year and can be accessed 24 hours a day through a toll-free number.

M. Post-Employment Retiree Health Care

For the year ended June 30, 2008, MCHCP adopted GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. However, all State agencies and component units are included in the State's post-employment retiree health care calculations.

Thus, separate information is not available for MCHCP, which is a component unit of the State. For fiscal year 2016, MCHCP contributed $119,495 for its employees in accordance with the State's funding policy toward the annual required contribution (ARC) for post-employment retiree health care. These financial statements include the OPEB Plan in which MCHCP participates. See note H for further information regarding the OPEB plan.

Schedule of Percentage of OPEB Cost Contributed

Missouri Consolidated Health Care Plan

Fiscal Year Ending 2016

Annual OPEB Cost	**$101,903,509**
Percentage of OPEB Cost Contributed	**65.0%**
Net OPEB Obligation	**$357,046,404**

Katy Trail
Rocheport, MO

Direction

Required Supplementary Information

Katy Trail
Rhineland, MO

Schedule of Claims Development

State Actives & Retirees

	2016 Total	2016 Active	2016 Retiree
Fiscal Year	July 1, 2015-June 30, 2016	July 1, 2015-June 30, 2016	July 1, 2015-June 30, 2016
Required contribution & investment income	**$572,965,632**	**$423,347,086**	**$149,618,546**
Administrative and third-party expenses	**28,514,421**	**20,428,449**	**8,085,972**
Estimated Incurred Claims & Expenses End of Policy Year	**$544,451,211**	**$402,918,637**	**$141,532,574**
Paid Claims Summary			
Paid (cumulative) as of	July 1, 2015-June 30, 2016	July 1, 2015-June 30, 2016	July 1, 2015-June 30, 2016
End of Policy Year	**$445,260,000**	**$339,688,000**	**$105,572,000**
One year later	-	-	-
Two years later	-	-	-
Incurred Claims Summary			
Re-estimated incurred claims & expenses	July 1, 2015-June 30, 2016	July 1, 2015-June 30, 2016	July 1, 2015-June 30, 2016
End of policy year	**$489,459,000**	**$374,924,000**	**$114,535,000**
One year later	-	-	-
Two years later	-	-	-
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	**$54,992,211**	**$27,994,637**	**$26,997,574**

2015 Total	2015 Active	2015 Retiree	2014 Total	2013 Total
July 1, 2014- June 30, 2015	July 1, 2014- June 30, 2015	July 1, 2014- June 30, 2015	July 1, 2013- June 30, 2014	July 1, 2012- June 30, 2013
$546,588,384	$414,790,352	$131,798,032	$536,537,855	$530,983,836
31,253,188	22,755,674	8,497,514	28,895,131	24,524,427
$515,335,196	$392,034,678	$123,300,518	$507,642,724	$506,459,409
July 1, 2014- June 30, 2015	July 1, 2014- June 30, 2015	July 1, 2014- June 30, 2015	July 1, 2013- June 30, 2014	July 1, 2012- June 30, 2013
$515,335,196	$392,034,678	$123,300,518	$507,642,724	$506,459,409
464,959,000	353,635,000	111,324,000	444,302,000	424,574,000
-	-	-	444,563,000	424,603,000
July 1, 2014- June 30, 2015	July 1, 2014- June 30, 2015	July 1, 2014- June 30, 2015	July 1, 2013- June 30, 2014	July 1, 2012- June 30, 2013
$464,270,000	$353,611,000	$110,659,000	$440,361,000	$422,902,000
465,392,000	353,848,000	111,544,000	444,456,000	424,673,000
-	-	-	444,563,000	424,603,000
$51,065,196	$38,423,678	$12,641,518	$67,281,724	$83,557,409

Summary of Key Actuarial Methods and Assumptions

State Retiree Welfare Benefit Trust

Fiscal Year	2016	2015	2014
Valuation Year	July 1, 2015- June 30, 2016	July 1, 2014- June 30, 2015	July 1, 2013- June 30, 2014
Actuarial cost method	**Entry age normal, level percent of pay**	**Entry age normal, level percent of pay**	**Entry age normal, level percent of pay**
Amortization method	**30 years, open, level percent of pay**	**30 years, open, level percent of pay**	**30 years, open, level percent of pay**
Asset valuation method	**Market Value**	**Market Value**	**Market Value**
Actuarial Assumptions			
Discount rate	**6.0%**	**6.0%**	**6.0%**
Projected payroll growth rate	**4.0%**	**4.0%**	**4.0%**
Health care cost trend rate (Medical & prescription drugs combined)	Non Medicare is 6.5% for fiscal year 2016; the rate decreases by 0.3% per year to an ultimate rate of 5% in fiscal year 2021 and later. Medicare is 6.6% for fiscal year 2016; the rate decreases by 0.4% per year through fiscal year 2019, then by 0.2% per year until reaching the ultimate rate of 5% in fiscal 2021 and later.	Non-Medicare is 6.8% for Fiscal 2015; the rate decreases by 0.3% per year to an ultimate rate of 5.0% in Fiscal 2021 & later. Medicare is 7.0% for Fiscal 2015; the rate decreases by 0.4% per year through Fiscal 2019, then by 0.2% per year until reaching the ultimate rate of 5.0% in Fiscal 2021 & later.	Non-Medicare is 7.1% for Fiscal 2014; the rate decreases by 0.3% per year to an ultimate rate of 5.0% in Fiscal 2021 & later. Medicare is 7.4% for Fiscal 2014; the rate decreases by 0.4% per year through Fiscal 2019, then by 0.2% per year until reaching the ultimate rate of 5.0% in Fiscal 2021 & later.

2013	2012	2011	2010
July 1, 2012-June 30, 2013	July 1, 2011-June 30, 2012	July 1, 2010-June 30, 2011	July 1, 2009-June 30, 2010
Entry age normal, level percent of pay	**Entry age normal, level percent of pay**	**Entry age normal, level percent of pay**	**Entry age normal, level percent of pay**
30 years, open, level percent of pay	**30 years, open, level percent of pay**	**30 years, open, level percent of pay**	**30 years, open, level percent of pay**
Market Value	**Market Value**	**Market Value**	**Market Value**
6.5%	**6.5%**	**7.0%**	**7.0%**
4.0%	**4.0%**	**4.0%**	**4.0%**
Non-Medicare is 7.4% for Fiscal 2013; the rate decreases by 0.3% per year to an ultimate rate of 5.0% in Fiscal 2021 & later. Medicare is 7.8% for Fiscal 2013; the rate decreases by 0.4% per year through Fiscal 2019, then by 0.2% per year until reaching the ultimate rate of 5.0% in Fiscal 2021 & later.	Non-Medicare: 8.00% in fiscal 2012, then decreasing by 3/5% per year to an ultimate of 5.0% in fiscal 2017 & after. Medicare: 8.50% in fiscal 2012, then decreasing by 7/10% per year to an ultimate of 5.0% in fiscal 2017 & after.	7.67% in fiscal year 2011, then decreasing by 2/3% per year to an ultimate of 5.0% in fiscal 2015 & after.	8.33% in fiscal year 2010, then decreasing by 2/3% per year to an ultimate of 5.0% in fiscal 2015 & after.

Schedule of Funding Progress (in millions)

State Retiree Welfare Benefit Trust

Fiscal Year Ending	2016	2015	2014	2013
Actuarial Value of Assets (a)	**$117.0**	**$106.9**	**$102.3**	**$89.5**
Actuarial Accrued Liability (AAL) (b)	**$1,730.7**	**$1,813.5**	**$1,649.5**	**$1,485.6**
Unfunded/(Overfunded) AAL (UAAL) (b) - (a)	**$1,613.7**	**$1,706.6**	**$1,547.2**	**$1,396.1**
Funded Ratio (a) / (b)	**6.8%**	**5.9%**	**6.2%**	**6.0%**
Covered Payroll (c)	**$1,586.5**	**$1,583.7**	**$1,566.7**	**$1,552.7**
UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]	**101.7%**	**107.8%**	**98.8%**	**89.9%**

Schedule of Employer Contributions

State Retiree Welfare Benefit Trust

Fiscal Year Ending	Annual Required Contributions	Actual Contributions	Percentage Contributed
June 30, 2016	**$96,551,977**	**$66,199,740**	**68.6%**
June 30, 2015	**103,674,590**	**62,585,666**	**60.4%**
June 30, 2014	**100,143,855**	**56,314,655**	**56.2%**
June 30, 2013	**93,385,621**	**54,005,719**	**57.8%**
June 30, 2012	**100,799,906**	**57,080,104**	**56.6%**
June 30, 2011	**99,766,158**	**53,353,553**	**53.5%**
June 30, 2010	**93,864,650**	**74,384,744**	**79.2%**
June 30, 2009	**124,511,154**	**91,446,684**	**73.4%**
June 30, 2008	**104,479,000**	**68,628,500**	**65.7%**

The State provided benefit payments and administrative costs of $62.6M in fiscal year 2015. The Statement of Changes in Fiduciary Net Position provides details concerning these amounts.

2012	2011	2010	2009	2008
$83.6	$117.0	$106.9	$102.3	$89.5
$1,594.5	$1,730.7	$1,813.5	$1,649.5	$1,485.6
$1,510.9	$1,613.7	$1,706.6	$1,547.2	$1,396.1
5.2%	6.8%	5.9%	6.2%	6.0%
$1,534.2	$1,586.5	$1,583.7	$1,566.7	$1,552.7
98.5%	101.7%	107.8%	98.8%	89.9%

Schedule of the Proportionate Share of the Net Pension Liability

Missouri Consolidated Health Care Plan

	June 30, 2016	June 30, 2015
MCHCP's Proportion Of The Net Pension Liability (Asset)	**0.1600%**	**0.1577%**
MCHCP's Proportionate Share Of The Net Pension Liability (Asset)	**$5,133,995**	**$3,718,668**
MCHCP's Covered-Employee Payroll	**$3,095,028**	**$3,144,017**
MCHCP's Proportionate Share Of The Net Pension Liability (Asset) As A Percentage Of Its Covered-Employee Payroll	**165.88%**	**118.28%**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**72.62%**	**79.49%**

**Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.*
NOTE: *This schedule will ultimately contain 10 years of data.*

Schedule of Contributions

Missouri Consolidated Health Care Plan

	June 30, 2016	June 30, 2015
Required contribution	**$525,227**	**$514,746**
Contributions in relation to the required contribution	**$525,227**	**$514,746**
Contribution deficiency (excess)	**$0**	**$0**
MCHCP's covered-employee payroll	**$3,095,028**	**$3,144,017**
Contributions as a percentage of covered-employee payroll	**16.93%**	**16.37%**

**Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.*
NOTE: *This schedule will ultimately contain 10 years of data.*

Notes to Required Supplementary Information for the Year Ended June 30, 2016

Changes of benefit terms or assumptions

Changes of benefit terms. *There were no changes to benefit terms in the plan for the year ended June 30, 2015.*

Changes of assumptions. *There were no changes to assumptions in valuation reports for the year ended June 30, 2015, other than the assumption that there would be no pay increases for fiscal year ending June 30, 2016, only.*

Route 66 State Park
Eureka, MO


Hawn State Park
Ste. Genevieve, MO

Steadfast

Statistical

Historical Data: Revenues by Source

Internal Service Fund, ten years ended June 30, 2016

Fiscal Year	State/Employer Contributions	Member Contributions	Public Entity Income	Pharmacy Rebates & Subsidy	Total Operating Revenues	Investment & Other Income
2016	324,857,578	83,815,598	7,904,470	13,500,867	430,078,513	1,173,043
2015	324,630,770	83,734,256	8,063,991	5,689,731	422,118,748	735,595
2014	314,696,927	87,402,560	8,234,207	7,684,071	418,017,765	877,940
2013	316,307,501	90,793,617	8,215,776	4,256,453	419,573,347	436,909
2012	319,804,444	89,797,753	8,492,621	5,375,360	423,470,178	853,463
2011	354,247,003	83,925,846	9,513,436	4,522,990	452,209,275	708,812
2010	356,953,666	73,309,792	10,295,456	5,344,809	445,903,723	1,104,898
2009	270,289,644	65,348,201	9,966,190	4,603,754	350,207,789	2,504,570
2008	276,886,166	57,339,368	10,008,570	5,033,832	349,267,936	7,099,139
2007	362,001,092	93,152,562	9,121,094	10,150,614	474,425,362	9,104,038

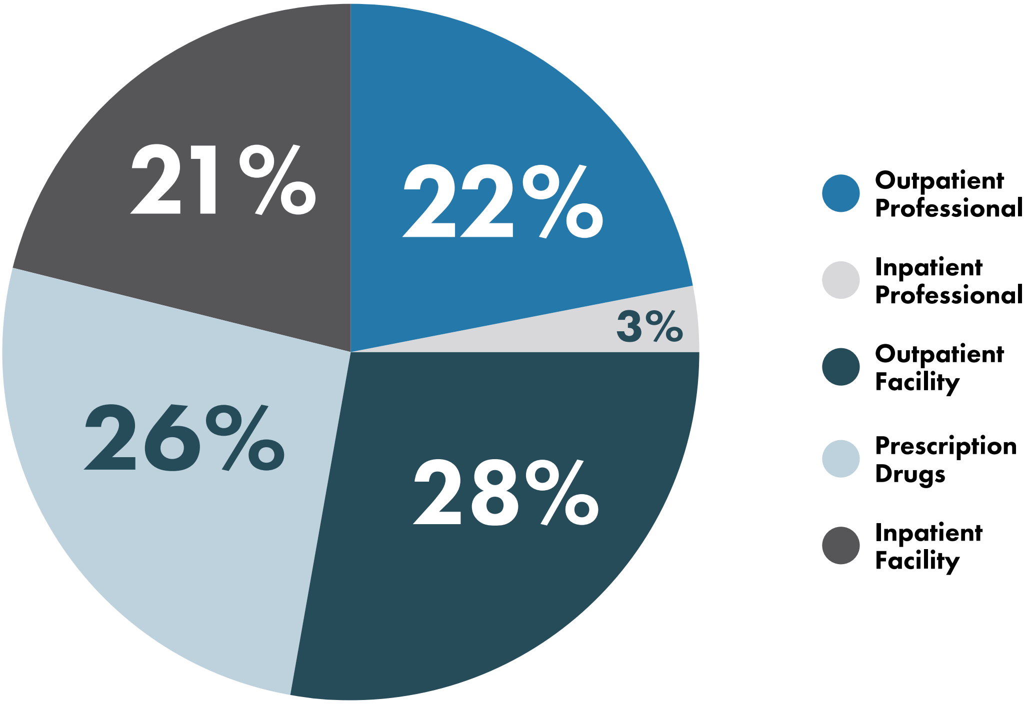
Historical Data: Expenses by Type

Internal Service Fund, ten years ended June 30, 2016

Fiscal Year	Medical Claims/Capitation & Health Administrative Services	Administration & Payroll	Other	Total Operating Expenses & Fees
2016	452,409,305	3,846,601	1,644,070	457,899,976
2015	420,740,454	3,998,457	1,846,818	426,585,729
2014	399,793,666	3,966,917	1,961,783	405,722,366
2013	384,588,353	3,983,962	1,805,563	390,377,878
2012	381,291,864	3,885,557	2,097,573	387,274,994
2011	422,066,045	4,148,726	2,134,781	428,349,552
2010	422,117,593	4,275,900	2,230,997	428,624,490
2009	431,216,276	4,809,936	2,117,078	438,143,290
2008	376,273,599	4,451,041	1,823,192	382,547,832
2007	437,756,208	5,597,367	1,975,742	445,329,317

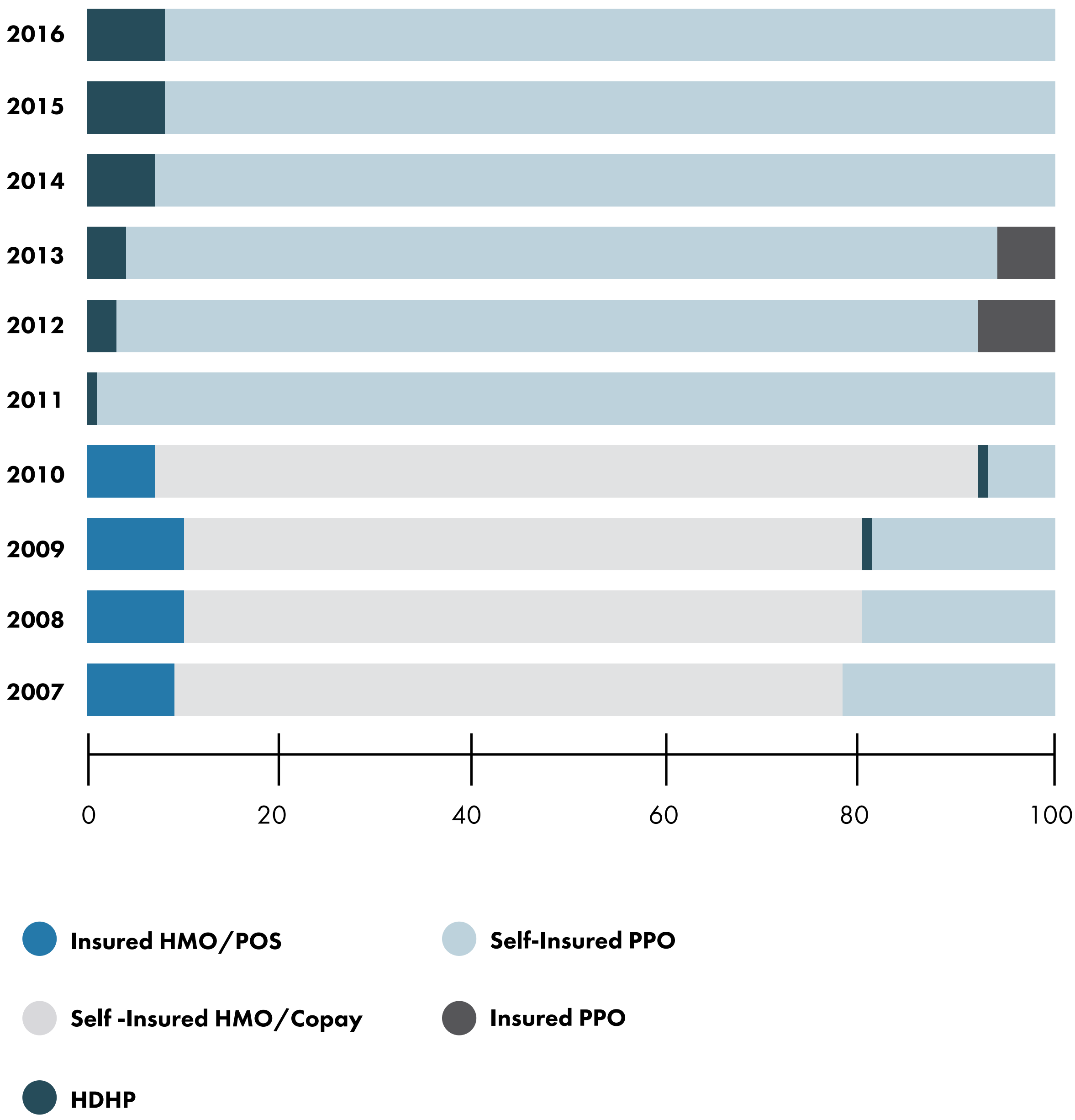
Distribution of Claim Payments

State Membership, Fiscal Year 2016



Healthcare Options by Year & Total Lives

State Membership, ten years ended June 30, 2016



Katy Trail
McBaine, MO

Statement of Revenues, Expenses & Changes in Net Position

Internal Service Fund, ten years ended June 30, 2016

Fiscal Year Ending	2016	2015	2014	2013
Operating Revenues				
State/employer contributions	$324,857,578	$324,630,770	$314,696,927	$316,307,501
Member contributions	83,815,598	83,734,256	87,402,560	90,793,617
Public entity contributions	7,904,470	8,063,991	8,234,207	8,215,776
Pharmacy rebates	13,500,867	5,689,731	7,684,071	4,256,453
Total Operating Revenues	**$430,078,513**	**$422,118,748**	**$418,017,765**	**$419,573,347**
Operating Expenses				
Medical claims & capitation expense	$437,471,527	$403,830,055	$384,618,997	$372,475,046
Claims administration services	13,218,054	15,639,455	13,852,877	10,806,319
Payroll and related benefits	3,192,904	3,171,205	3,256,596	2,956,116
Health management	1,719,724	1,270,944	1,321,792	1,306,988
Administration	653,697	827,252	710,321	893,425
Professional services	962,817	1,132,123	1,239,582	1,219,526
Employee Assistance Program	594,341	598,961	578,534	586,037
Depreciation	86,912	115,734	143,667	134,421
Total Operating Expenses	**$457,899,976**	**$426,585,729**	**$405,722,366**	**$390,377,878**
Operating revenues over (under) operating expenses	(27,821,463)	(4,466,981)	12,295,399	29,195,469
Nonoperating Revenues				
Investment and other income	1,173,043	$735,595	$877,940	$436,909
Net Position				
Change in net position	($26,648,420)	($3,731,386)	$13,173,339	$29,632,378
Net position, beginning of year, adjusted	135,431,366	139,162,752	130,428,285	100,795,907
Net Position, End of Year	**$108,782,946**	**$135,431,366**	**$143,601,624**	**$130,428,285**

2012	2011	2010	2009	2008	2007
$319,804,444	$354,247,003	$356,953,666	$270,289,644	$276,886,166	$362,001,092
89,797,753	83,925,846	73,309,792	65,348,201	57,339,368	93,152,562
8,492,621	9,513,436	10,295,456	9,966,190	10,008,570	9,121,094
5,375,360	4,522,990	5,344,809	4,603,754	5,033,832	10,150,614
$423,470,178	$452,209,275	$445,903,723	$350,207,789	$349,267,936	$474,425,362
$369,224,125	$409,567,239	$405,742,184	$411,593,266	$357,621,982	$414,402,466
10,715,326	11,127,397	13,711,789	15,104,342	14,432,722	17,604,641
2,995,419	3,118,821	3,365,166	3,605,582	3,291,979	4,123,871
1,352,413	1,371,409	2,663,620	4,518,668	4,218,895	5,749,101
755,431	668,081	910,734	1,204,354	1,159,062	1,473,496
1,410,821	1,359,829	1,132,392	1,137,039	907,127	816,500
686,752	774,952	757,934	696,380	674,601	881,723
134,707	361,824	340,671	283,659	241,464	277,519
$387,274,994	$428,349,552	$428,624,490	$438,143,290	$382,547,832	$445,329,317
36,195,184	23,859,723	17,279,233	(87,935,501)	(33,279,896)	29,096,045
$853,463	$708,812	$1,104,898	$2,504,570	$7,099,139	$9,104,038
$37,048,647	$24,568,535	$18,384,131	($85,430,931)	($26,180,757)	$38,200,083
63,747,260	39,178,725	20,794,594	106,225,525	132,406,282	94,206,199
$100,795,907	$63,747,260	$39,178,725	$20,794,594	$106,225,525	$132,406,282

Schedule of Net Position by Component

Internal Service Fund, ten years ended June 30, 2016

Net Position	Net investments in capital assets	Unrestricted	Total net position
2016	$221,396	$108,561,550	$108,782,946
2015	304,082	135,127,283	135,431,365
2014	250,090	143,351,534	143,601,624
2013	262,720	130,165,565	130,428,285
2012	256,281	100,539,626	100,795,907
2011	333,028	63,414,232	63,747,260
2010	418,325	38,760,400	39,178,725
2009	488,735	20,305,859	20,794,594
2008	447,943	105,777,582	106,225,525
2007	400,575	132,005,707	132,406,282

Full-Time Employees

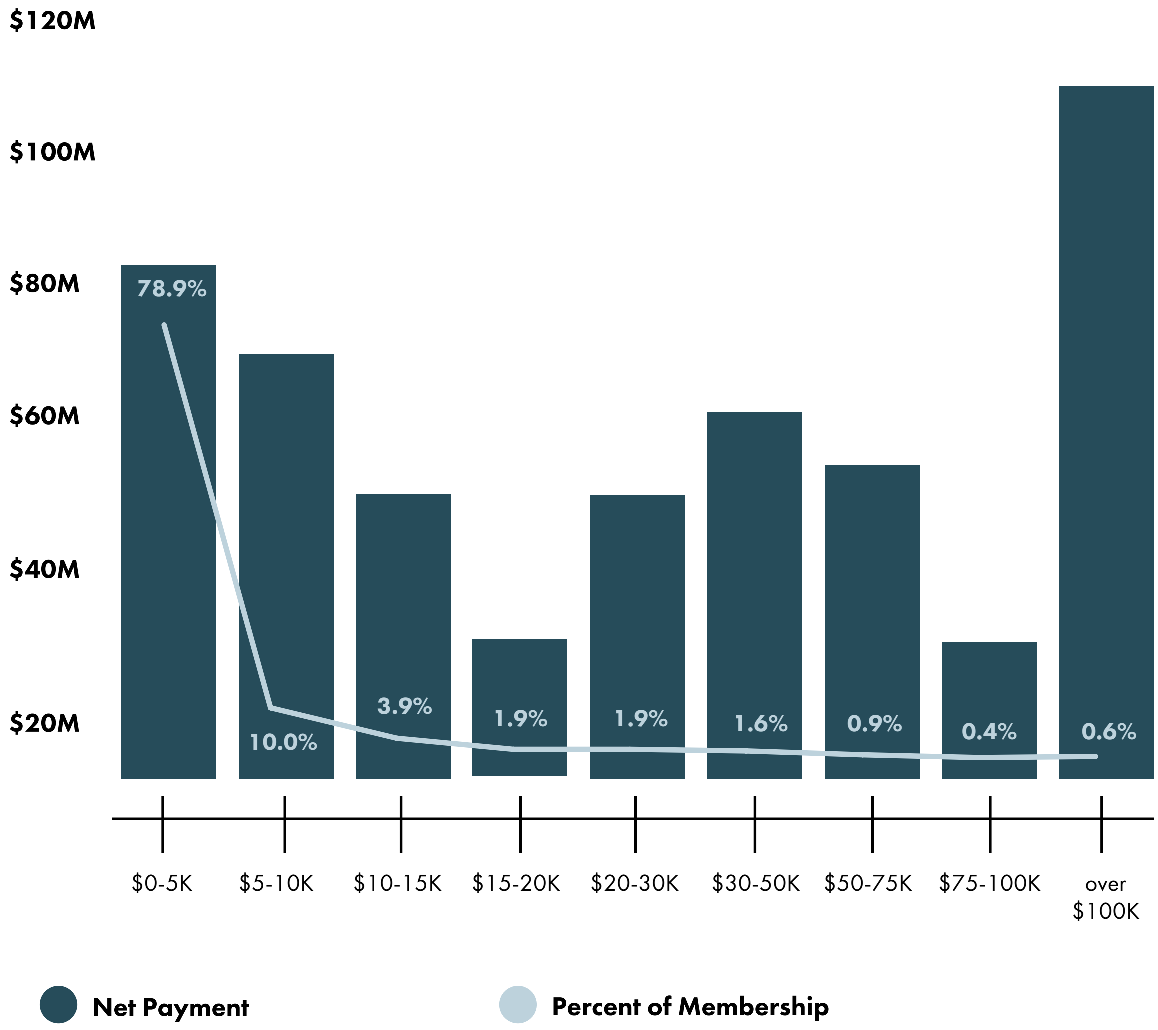
Missouri Consolidated Health Care Plan, ten years ended June 30, 2016

Department	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Executive & Administration	2.00	2.00	2.00	2.00	5.00	4.76	4.46	3.61	3.85	4.00
Operations	48.54	50.00	50.97	48.10	46.59	47.79	52.80	58.98	57.07	58.06
General Counsel	1.20	2.00	2.50	1.50	2.00	1.75	0.75	1.00	1.00	1.00
Internal Audit	3.00	3.00	4.00	4.00	3.00	3.00	2.96	3.00	3.00	2.88
Human Resources	1.00	1.00	1.00	0.53	1.00	0.82	1.48	2.00	2.00	1.62
Fiscal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.60
Totals	**61.74**	**64.00**	**66.47**	**62.13**	**63.59**	**64.12**	**68.45**	**74.59**	**72.92**	**73.16**

Source: Missouri Consolidated Health Care Budget Documents

Paid Claims Distribution by Individual

State Members Fiscal Year 2016



78.9% of membership accumulated $0-$5K in claims and accounted for $81.3M in cost

State Membership Enrolled in MCHCP

Subscribers & Dependents as of June 30, 2016

Age	Active Female	Active Male	Retiree Female	Retiree Male	COBRA Female	COBRA Male	Disabled Female	Disabled Male	Survivors Female	Survivors Male	Vested Female	Vested Male	Total
<1	408	377	3	3	0	1	0	0	0	0	1	0	793
1-10	4,810	4,993	20	15	2	2	1	1	3	4	6	3	9,860
11-19	5,803	6,180	118	104	0	3	4	5	8	5	11	5	12,246
20-24	3,637	3,401	203	183	1	2	7	1	11	9	7	2	7,464
25-29	2,713	2,050	46	51	3	5	2	0	0	7	0	1	4,878
30-34	2,701	1,835	6	8	3	1	1	0	0	1	1	1	4,558
35-39	3,100	1,885	1	5	1	1	5	0	0	1	2	0	5,001
40-44	3,365	2,049	6	6	1	0	5	4	0	0	9	4	5,449
45-49	3,921	2,394	27	13	4	1	12	5	3	0	12	8	6,400
50-54	4,314	2,711	322	139	2	1	21	15	3	4	18	6	7,556
55-59	3,720	2,547	1,267	572	3	1	21	7	19	7	18	11	8,193
60-64	2,383	1,903	2,471	1,341	8	3	7	4	43	12	5	5	8,185
65-69	612	670	2,843	1,789	0	0	2	1	82	27	1	1	6,028
70-74	89	136	1,878	1,324	0	0	1	1	89	26	0	0	3,544
75-79	17	23	1,394	891	0	0	0	0	118	41	1	0	2,485
80+	5	9	1,610	875	0	0	0	0	329	57	1	1	2,887
Total	**41,598**	**33,163**	**12,215**	**7,319**	**28**	**21**	**89**	**44**	**708**	**201**	**93**	**48**	**95,527**
	Total Active 74,761		Total Retirees 19,534		Total COBRA 49		Total Disabled 133		Total Survivors 909		Total Vested 141		

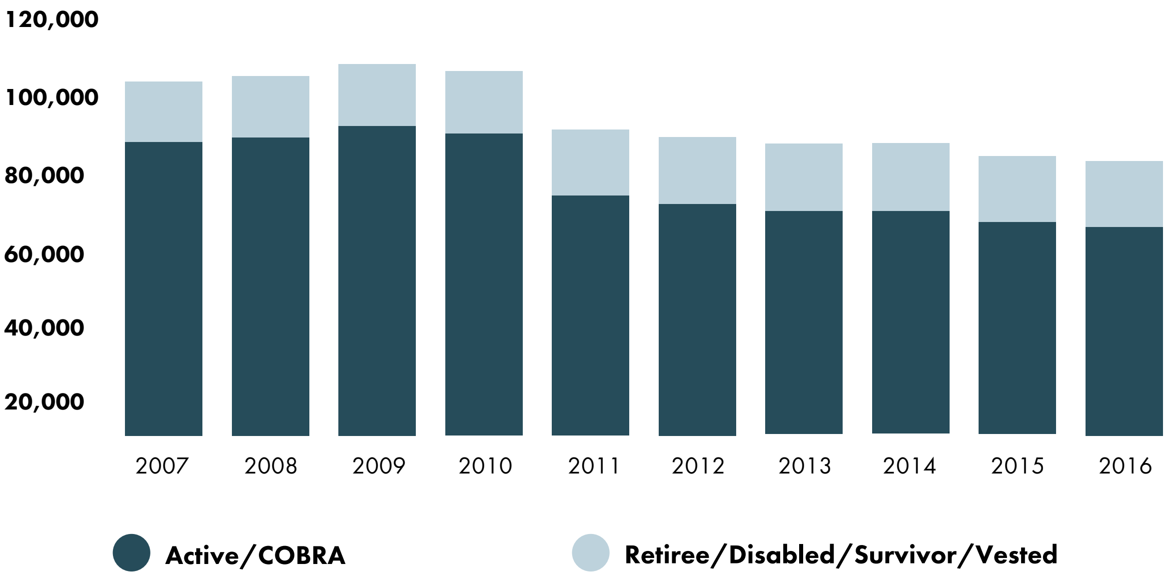
Enrollment History

State Membership, ten years ended June 30, 2016

Year	Active	Retiree	COBRA	Disabled	Survivors	Vested	Total
2007	84,585	16,154	189	424	820	267	102,439
2008	85,884	16,538	135	390	821	254	104,022
2009	88,277	16,802	189	351	852	210	106,681
2010	86,744	17,122	260	271	857	171	105,425
2011	79,317	17,682	147	258	872	165	98,441
2012	77,069	17,937	65	221	867	169	96,328
2013	76,288	18,361	111	205	847	171	95,983
2014	76,713	18,630	65	167	855	159	96,589
2015	75,808	19,100	59	136	893	142	96,138
2016	74,761	19,534	49	133	909	141	95,527

Enrollment Distribution

State Membership, ten years ended June 30, 2016



Public Entity Membership Enrolled in MCHCP

Subscribers & Dependents as of June 30, 2016

Age	Active		Retiree		COBRA		Total
	Female	Male	Female	Male	Female	Male	
<1	2	2	0	0	0	0	4
1-10	29	20	0	0	1	1	51
11-19	31	41	0	0	0	1	73
20-24	33	43	0	0	0	0	76
25-29	50	36	0	0	0	0	86
30-34	40	39	0	0	0	1	80
35-39	34	41	0	0	0	0	75
40-44	48	39	0	0	0	0	87
45-49	58	40	0	0	0	0	98
50-54	86	48	0	0	0	0	134
55-59	76	50	1	0	2	1	130
60-64	80	48	3	2	1	0	134
65-69	17	15	3	0	0	0	35
70-74	2	6	0	0	0	0	8
75-79	1	0	2	2	0	0	5
80+	0	1	1	0	0	0	2
Total	**587**	**469**	**10**	**4**	**4**	**4**	**1,078**
	Total Active 1,056		Total Retirees 14		Total COBRA 8		

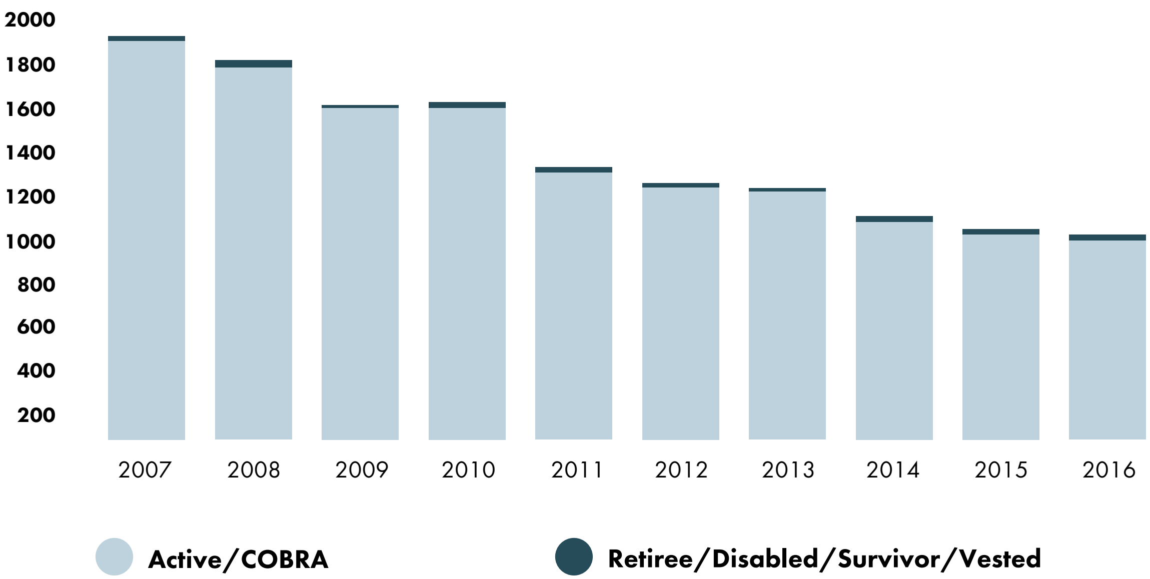
Enrollment History

Public Entity Membership, ten years ended June 30, 2016

Year	Active	Retiree	COBRA	Total
2007	**1,851**	**11**	**18**	**1,880**
2008	**1,752**	**18**	**13**	**1,783**
2009	**1,590**	**7**	**16**	**1,613**
2010	**1,596**	**14**	**16**	**1,626**
2011	**1,365**	**13**	**12**	**1,390**
2012	**1,277**	**10**	**9**	**1,296**
2013	**1,244**	**9**	**9**	**1,262**
2014	**1,197**	**14**	**2**	**1,213**
2015	**1,115**	**12**	**4**	**1,131**
2016	**1,056**	**14**	**8**	**1,078**

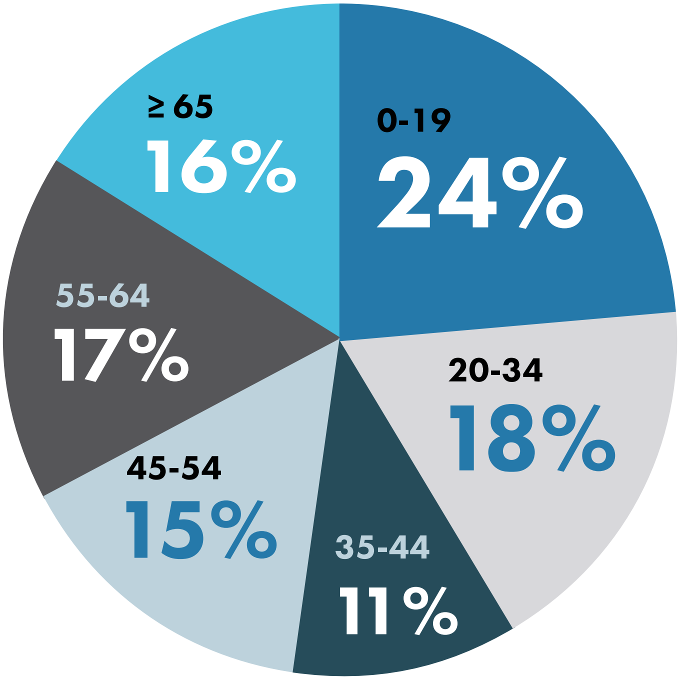
Enrollment Distribution

Public Entity Membership, ten years ended June 30, 2016



Plan Demographics

State Membership, Fiscal Year 2016

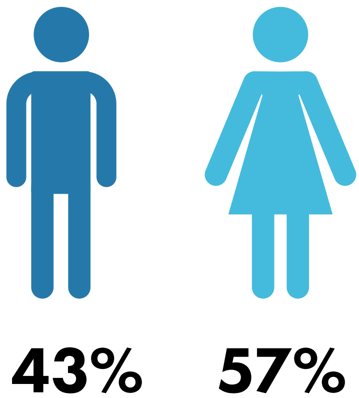


Total Lives

95,527

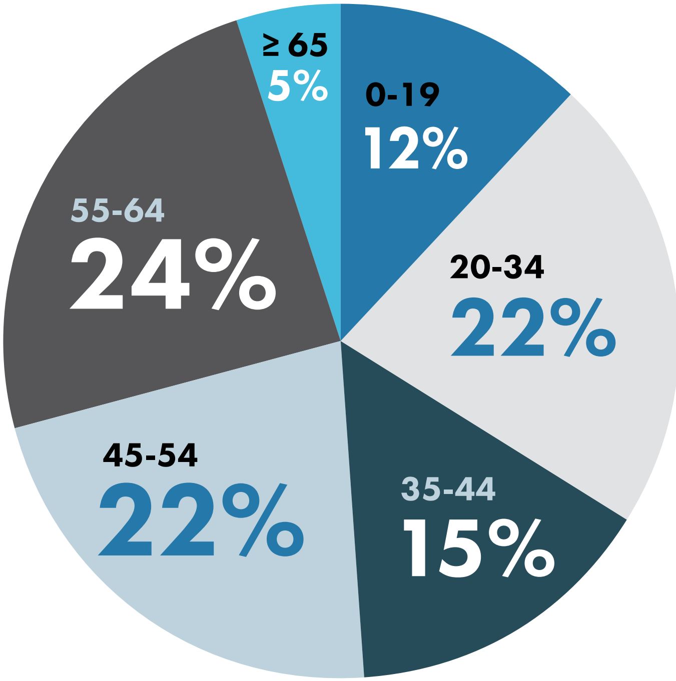
Average Age

40 years



Plan Demographics

Public Entity Membership, Fiscal Year 2016

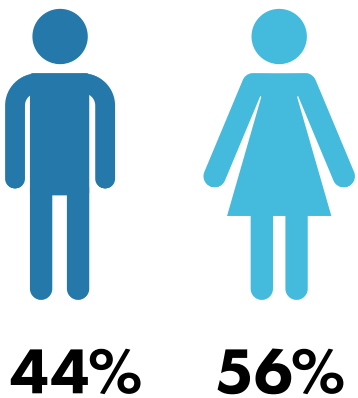


Total Lives

1,078

Average Age

42 years



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